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TWENTY-NINTH

ANNUAL JOINT DEBATE

OF THE

UNIVERSITY OF WISCONSIN.

MUNICIPALIZATION OF STREET RAILWAYS

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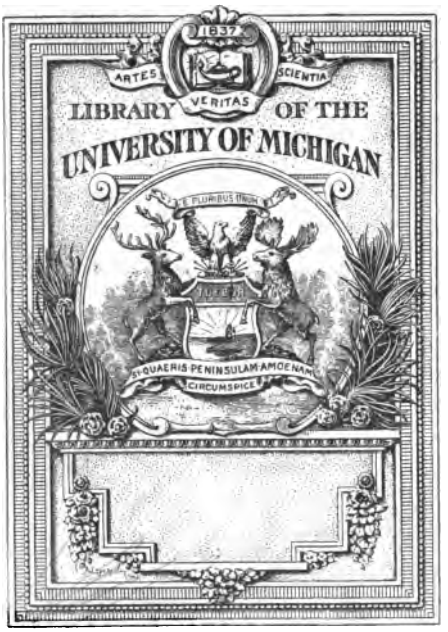
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MUNICIPALIZATION OF STREET RAILWAYS.

TWENTY-NINTH

ANNUAL JOINT DEBATE

OF THE

UNIVERSITY OF WISCONSIN

HELD AT

LIBRARY HALL, DECEMBER 16, 1898.

EDITED AND ARRANGED BY W. S. KIES.

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Twenty-Ninth Annual Joint Debate.

PRESIDENT OF THE EVENING, PROF. D. B. FRANKENBURGER.

...DEBATE...

Question—Is the present system of private ownership and operation of the street railway lines of the city of Chicago preferable to a system of municipal ownership and operation?

INTERPRETATION.

"Street railway lines" to mean all surface and elevated lines operating within the city limits, excluding such suburban lines as the "Illinois Central" and "Rock Island."

CONCEDED:—1. That the transfer can legally and constitutionally be made, and at a fair compensation.

2. That such municipal system shall be free from State legislative interference.

3. That all appointments, promotions and removals shall be made on the basis of efficiency only.

AFFIRMATIVE—ATHENÆ.	NEGATIVE—PHILOMATHIA.
BENJAMIN POSS,	WM. F. ADAMS,
JOSEPH LOEB,	WARREN M. PERSONS,
WM. S. KIES.	EMERSON ELA.

JUDGES.

PROF. CHAS. H. HASKINS, HON. BURR W. JONES, PROF. CHAS. S. SLICHTER.

DECISION: Unanimous for the affirmative.

181806

PREFACE.

The young men who have produced this book are to be congratulated. The University of Wisconsin grants no higher honors than those she freely gives to her joint debaters. Intercollegiate debates awaken interest, and intercollegiate victories are always welcome; but this home debate between our own literary societies is looked upon as the chief literary event of the college year, and the supremest test of intellectual ability. This book, in a true sense, is only the merest fragment of the work they have done upon this question. We know that investigation, both intensive and extensive, untiring investigation in libraries and in practical life, has been carried on; that all facts and results have been scrutinized, weighed and measured by scientific and logical standard with the knowledge that an alert and skillful foe would finally test the work. All this lies back of this seemingly inadequate result of their labors. And yet, we know that they have gained an exact and familiar knowledge of the conditions that surround our greatest municipal problem; that they have gained real intellectual power, the end of any adequate education, a power that, however gained, will, in the battle of life, count for more than diplomas and degrees. They have placed themselves in the long line of joint debaters that reach back nearly to the birth of the university, and will, we hope, reach a long way into the future. For all this they are to be congratulated.

DAVID B. FRANKENBURGER.

University of Wisconsin, May, 1899.

INTRODUCTION.

The question of the regulation of quasi-public monopolies is one which is assuming vast importance in this country. The public has come to realize that the holder of a franchise, granting certain privileges in the streets, has in this privilege an immense source of wealth; and with the realization of this fact has come the desire to share in the profits derivable from franchise rights. There is no denying the proposition that the streets belong to the people, or that the massing together of human beings in urban centers creates the necessity for rapid transportation, for electric lights and gas, for a supply of water; and it is by taking advantage of these needs of society that corporations, using the city's streets, have been able to declare large and frequent dividends.

That corporations have in many cases abused their privileges, and forgotten the debt they owe the municipality, from which they obtained their privileges, is also a fact. Wretched service and exorbitant rates have in many cases been the means of maintaining illegitimate dividends on watered stock. The reprehensible methods employed by some corporations have been the cause of bringing down a storm of abuse upon corporations in general; and impatient reformers, with more enthusiasm than wisdom, have endeavored to introduce this or that radical course of action as a remedy without a due consideration of the consequences.

Corporations are the product of our times; production in modern society is carried on by great organizations of capital; the day of the individual producer is gone. The question, then, of the regulation of the vast combinations of capital is one worthy of the closest and most careful study. Hasty action on carelessly formed conclusion is certain to be disastrous. The results of the work of the enthusiastic reformers referred to have been on the whole good, however, for the people have become aroused to the importance of the question. Thinking men are giving their time and services in the attempt to solve the problem. It is an earnest of better days in the future, that when the large street railway corporations in Chicago

sought a fifty year extension of their franchises, the people of the city rose up in the defense of their rights, and demanded proper compensation for the use of the streets.

Though the demands made by the people were to some extent unreasonable; though a needless hard feeling was engendered through the lack of tact exercised by the leaders of the people; though the entire question was dragged into politics, and used as a means of making political capital for an aspirant for gubernatorial honors, still despite the blunders and mistakes, the city of Chicago is a stronger municipality for having passed through such a struggle. Both sides now see that some compromise is necessary, and without a doubt the question of the extension of franchises will be settled in the near future on terms mutually satisfactory. Shorter term franchises, with increased compensation to the city, will be the result of this uprising of the people. But, nevertheless, the problem will not be finally settled, for the question of municipalization is certain to occupy a prominent place in the popular mind for years to come.

It has been the endeavor of the participants in this debate to bring out the strength and weakness of a system of municipal ownership of street railways. To make the question more practical, a typical American city was selected as the subject of the experiment.

The preparation for this debate has been thoroughly intensive as well as extensive. Weeks were spent in Chicago by both sides, studying the problems of city administration. Personal interviews were had with all of the prominent men of the city; hundreds of letters were written, gathering opinions on the experience of other cities, in the administration of public affairs.

The six debaters would undoubtedly agree on the general proposition that a regulation of public service monopolies is a necessity; and they would probably agree, too, that municipal ownership and operation, under present conditions, is not as yet advisable in Chicago.

The system toward which we seem to be working in this country is what may be called the German system, viz.: Municipal ownership and private operation; the operating company to be allowed a reasonable profit on their investment, a sum for sinking fund and general repairs, and the remaining surplus to be divided with the city. This plan, with some modification, is the one which is advocated by the Massachusetts commission. With a scheme of this kind in operation, we still have left the incentive of private gain, for the more economically run, and the

more carefully administered the plant is, the larger will be the company's share.

There is, of course, a great obstacle in the way of the introduction of such a system of ownership and control in American cities, and that is the acquisition of the properties. European street railways are insignificant when their values are compared with the immense systems in the United States. The condemnation, under the right of eminent domain, of a continental street railway worth perhaps three or four hundred thousand dollars, and the assumption of the road by the city at a fair valuation is but a bagatelle compared with the taking over of the street railways of a city like Chicago, worth at the least calculation from seventy-five to a hundred million dollars.

But the city of Chicago has the power to obtain practically all the advantages of actual ownership if it will but choose capable men to act for it in the common council, men who will thoroughly and conscientiously apply themselves to the solution of the problem. The street railway companies of Chicago have on the whole given the city excellent service. They have aided greatly in the distribution of population over wider areas, and have no doubt created large real estate values. While profiting themselves with the growth of the city they have nevertheless contributed much to its growth. They have adopted a very liberal extension policy, so liberal that Chicago has today more miles of street railway than any other city in the world. Millions of dollars of capital have been brought to the city and invested. In some cases, as for example the elevated roads, years must elapse before adequate returns on the actual cost are derived. Millions have been spent in experimentation, reconstruction and in the development of the system. These things must be taken into consideration, in a careful study of the situation, and it is these very things which are sometimes entirely ignored by the reformer.

The question as worded for this debate grants a civil service, such as Chicago has not as yet been able to obtain. In fact, what impressed both sides in working up the question was the general administrative incapacity of the city of Chicago. This is due partly to the division of responsibility, but more to the intense partisanship displayed in every department of city government. Politics run the city of Chicago today, but it is an encouraging sign that the business men and the better element of the city have begun to see the danger threatening their city, and have formed a Municipal Voters' League, and a Civic Federa-

tion, both of which organizations are doing a splendid work in the cause of good government. Yet we can not look for much permanent improvement to result from these biennial spasms of virtue. The practical politician is at work all the year round, increasing his influence. He attends every primary and every caucus; he makes friends and voters every day in the year. The reformer to be a practical, a successful reformer, needs to do the same. Politics today has become as intricate a business as any on Wabash avenue, but it is generally left to the unscrupulous, unprincipled ward heeler.

A prominent Chicago lawyer expressed the following opinion in a conversation with the writer: "What Chicago needs is a few determined, independent men of the Roosevelt type. Fearless, aggressive men, with the means at their command to enable them to devote their entire time to the matter; with the ability to meet the corrupt politician on his own ground, and with integrity and manhood enough to preserve them from temptation. Such a man could have anything he wanted from Chicago. The people are ready to move in the right direction, but lack the right kind of a leader."

When Chicago, under the leadership of such a man, attains success in its administrative departments, it will be ready to consider the question of municipalization of natural monopolies. Perhaps when that time comes municipal operation will have been so successful as to leave no doubt as to its advantage; or perhaps we shall have developed a system akin to the German system of management, but improved by the application of American ingenuity and ability.

However it be, it is certain that as the social theory of property and property rights gains ascendency in the economic world, the question of a regulation of public service monopolies is certain to be solved in the direction of a closer supervision over the quality of service rendered to the public, and an equitable division of monopoly profits between the city and the operating corporation.

* * *

The debaters wish to take this opportunity of expressing their gratitude to Prof. D. B. Frankenburger, the head of the Department of Oratory and Rhetoric, for his most valuable advice and assistance, and to the other members of the faculty of the University of Wisconsin, who, by their sympathetic aid, have helped to build up Wisconsin's debating system.

—W. S. K.

BENJAMIN POSS, ATHENAE.

I.

Evidence of a demand for the municipal ownership and operation of street railways is confined chiefly to vote-winning planks in party platforms. Members of municipal reform leagues oppose it. Official investigations of the policy have resulted in its rejection. The Massachusetts state legislative commission, of which Charles Francis Adams was chairman, in its report of January, 1898, states: "The municipalization of street railways is not accepted as indisputably desirable in Great Britain while in Germany it is regarded unfavorably." This commission is opposed to the introduction of the policy. The New York special legislative commission reports in 1896: "We unhesitatingly disapprove of the idea of municipalities owning and operating their street railways." No city in America owns and operates its street railway lines. In the United Kingdom but seven cities operate their lines. More than nine-tenths of the street railway mileage in the United Kingdom is operated by private companies. Says Dr. Carl Hilse of Germany: "The burgomasters of our cities, large and small, oppose the policy of municipal operation." There are only ten cities in the world which operate their lines under the system of the negative.

Corporations are a product of our social and economic life. Their complex nature and varied interests demand the passage of laws upon laws for the definition and execution of their powers. In comparatively few years villages developed into large urban centers. Legislative and administrative forms of municipal government, however, suffered from a lack of development. This rapid and complex growth of the one and the lack of development of the other have made it difficult for street railway corporations and municipalities to establish relations mutually satisfactory. The mayors of our large cities, however, write us that these relations are becoming more and more satisfactory; that there is no wide-spread demand for municipal ownership and operation.

Chicago is an excellent illustration. Neither the Civic Federation nor the Municipal Voters' League, the two leading reform organizations, have expressed themselves in favor of it. Mr. Cole, president of the Voters' League, says: "I am not in favor of it." Mr. Lombard, president of the Federation, writes: "I

do not consider municipal ownership and operation desirable." We have put the question to Chicago's leading professional and business men and ninety-five per cent. of those who answered prefer the present system. The negative have assumed the peculiar responsibility of advocating municipal ownership and operation in Chicago, a system for which there is no perceptible demand and which finds but few sympathizers. The prominence of street railway discussion in Chicago today is no evidence of a desire for municipal ownership. The public merely insists, and justly too, that whatever relations are established between the traction companies and the city, the city's interests must not be overlooked. It is not a question of municipal ownership and operation, but for how long a period shall franchises be extended and what compensation shall the city receive.

"The present system of private ownership and operation is the usual one of the corporation obtaining from the city the franchise for the use of its tracks and operating it with a system of horse, cable, or electric cars." Our discussion, then, revolves about these two points: 1. Ownership and operation by private parties. 2. Ownership and operation by the city. I shall discuss the present system under fares, services, and compensation to the city.

I. With but few exceptions a uniform fare of five cents prevails in the United States and Canada. Thus, while the rate has remained nominally the same, it has been really reduced. With every increase in length of ride, the purchasing power of the nickel has increased. The companies in Chicago offer 12 and 15 mile rides for the same fare charged for four mile rides ten years ago, or two mile rides thirty years ago. Under the European system of fares, based on distances traveled, the rate rises with an increase in the length of ride. In Glasgow, which operates its street railway line, the fares are as follows:

Fares.	*Distances.*
1 cent	.58 miles.
2 cents	1.75 miles.
3 cents	2.33 miles.
4 cents	3.47 miles.
5 cents	4.18 miles.
6 cents	5.34 miles.

You can ride more than twice as far for less money in Chicago than you can in Glasgow, with its municipally operated horse-

car system. But it is only by numerous large short hauls that Chicago companies are enabled to carry long hauls at the same rate of fare. The introduction of the Glasgow rates of fares into Chicago would therefore increase the fare for the long rides and the burden would fall on the poorer and middle classes who most need long cheap rides to take them to their suburban homes. Granted that a smaller proportion ride long distances, you must remember that cars going down town in the evening and up town in the morning are usually nearly empty, that heavy traffic does not continue throughout the day.

The North Chicago road carried in '97, 56,354,147 passengers. Car miles run was 10,590,036. The average number of passengers carried per mile then was 5.3. On the same basis of computation the average number of passengers carried per mile by the Glasgow company was 12.1, more than double the number of passengers carried by this one Chicago road. Supposing the operating expenses to be the same, which is not true, because the Chicago company pays double the wages paid by Glasgow, the Glasgow line can afford to carry passengers at less than half the rate charged by the Chicago company. Whatever way you view it, fares in Chicago are no higher, but lower, than they are in Glasgow which operates its road.

And in spite of contrary assertions, the receipts of the various companies are not large enough to warrant a reduction in fares. A four cent fare would mean a diminution of the gross receipts by twenty per cent. Had the West Chicago road so reduced fares, it would have run its road during the last five years either at a loss or with a margin that would have allowed but an insignificant dividend. Both the North Chicago road and the Chicago City railway are financially unable to reduce fares to four cents. We base these conclusions on the figures given in the Harlan report. If these three large trunk lines could not lower fares and still earn fair dividends, the elevated and minor roads, which are running at a loss, certainly could not. On the question of fares, have they a cause for action?

II. Now as to services. (a) Street car traffic in Chicago has become so great that the companies find it impossible to remove the causes of some complaints. From 5:30 to 7:00 P. M. is required to carry passengers to their homes each evening. Over-crowding is unavoidable. Cars are run at a headway of half a minute, as near together as allowed by safety and necessity for cross-street traffic. The surface railways are not at fault. The only remedy is more "L" roads or underground sub-

ways. New York has the same evil. The New York commission reports on this: "The overcrowding of cars cannot be remedied; the crush of travel during the hours of greatest pressure in the evening and morning cannot be obviated."

(b) Some maintain that the city council has not been urgent enough in compelling an extension of franchise privileges. However, the peculiar division of the city into three distinct sides must be considered. The number of persons who travel from one side through the heart of the city to another side, is comparatively small. The three surface trunk lines radiate from the center of the city to the outskirts of the respective sides they operate on,—the North Chicago, the West Chicago, and the Chicago City on the south side. Running out from these trunk lines are feeder lines, so that each side, every part of Chicago is supplied with adequate transit facilities. Every company is compelled to issue transfers (city ordinances) on all the lines owned or leased by it. The Chicago City on the south sides issues seven transfers, the West Chicago three, the North Chicago five, the Calumet Electric three, and the minor companies one and two. You can ride from any part of each side to any other part, or to the center of the city for one fare. The North Chicago issues per month about 3,000,000 transfers, the West Chicago about 6,500,000, and the Chicago City about 8,000,000. Some feeder lines on the north side are not operated on a paying basis, yet the companies grant transfers for a small fee. The Suburban Railway Co. sells twelve tickets for one dollar, good over the suburban routes, twelve and fifteen and eighteen miles from the center of the city, and over the Lake street "L" to the heart of the commercial life of Chicago. No other suburban districts in the country are given such admirable service at such low rates of fares.

This comprehensive transfer system shows that services, so far as transfers are concerned, are not only not poor, but good. Compared with other American cities they are better. Philadelphia and Boston companies charge two and three cents respectively for transfers. The large Metropolitan company of New York issues but one with each fare. Milwaukee's total mileage is one-fifth that of Chicago, about the mileage of each of the three subdivisions of Chicago. So, although the Milwaukee company, which has a monopoly of the street railway traffic there, transfers to all parts of the city, its transfer system is not as comprehensive as that of each of the three trunk lines of Chicago which offer 3, 5 and 7 transfers for one fare, while the Milwaukee company issues but one.

(c) In discussing services we must remember that the greatest benefits to the people, and which are realized only under a system of private ownership, result from enormous and rapid extensions. Private enterprise, with characteristic American recklessness and immediate sacrifice, has built and operates in Chicago a system of intra-mural street railways which challenges the world's admiration. The street car mileage has more than doubled in the past ten years. Its trackage of 1,020 miles is the greatest within the boundaries of any city, American or European. It is more than five times as great as the combined mileage of all the roads in the world owned and operated by municipalities. No municipality would dare discount the future for a score or more years. Private capital risks, suffers losses, and patiently awaits the earnings that come only after years. The Lake Street "L," organized in 1888, has not yet paid dividends. Its deficit in '97 was double that of '96. The Metropolitan "L" has a similar financial tale of woe. The completion of these "L" roads, involving outlays of millions, caused an immediate rise in real estate values. The public receives the benefit of more rapid transit and better services. Increased revenues from taxation also result. But the stocks and bonds which have a small market value will not realize earnings for years to come.

Street railways in Chicago were built in advance of population. Planned on broad lines they include districts that pay and districts that are run at a loss. Chicago's street railway extensions have solved sanitary problems which engage the attention and tax the ingenuity of European municipal sanitary boards. Chicago's population has spread out; congested districts have been relieved. Chicago has a very small population per acre and a very small population per mile track, much smaller than New York's, and considerably smaller than those of Europeon cities. Now, population per acre decreases with the population per mile track, so that density of population depends greatly on street railway facilities. The street railways of Chicago have been an important factor in distributing population.

But, probably the negative will contend that these extensions would have been made under a system of municipal operation. Let us see. Since Glasgow has taken over the management of its roads, four years ago, its trackage has been increased only a mile. This in spite of the fact that a complete reconstruction had been made. The history of municipal undertakings shows that under municipal operation extensions come only after repeated demands. Under private operation they precede the de-

mand. This combined population of six European cities which own and operate their lines is served by a hundred and forty miles of track, a population about equal to Chicago's, which is served by seven times as much trackage.

	Population.	Length of miles track.
Glasgow	703,920	— 77
Huddersfield	100,463	— 22
Leeds	402,418	— 22
Sheffield	347,278	— 10
Plymouth	98,121	— 4
Blaespool	35,000	— 5
Total	1,687,231	—140

Development and private ownership are complementary. The traction companies of Chicago have experimented with every plausible newly invented mechanical power; have equipped and re-equipped with various appliances; have changed the means of propulsion from horse to cable and from cable in great part to electric. Every necessary expenditure which has promised greater efficiency has been made. So many and frequent have been the changes that the present cost of duplication is no indication of the true cost of the roads. Then, too, efficient operation under the present system is conducted by capable and highly-paid technical managers, men whom municipal service does not entice. And, concluding, so long as the efficiency per unit of labor under private operation is greater than under municipal operation just so long will *services* under private operation be far superior to services under municipal operation. On the question of services the negative have no cause for action.

The greatest boons offered by advocates of the negative system are lower fares and better services. Facts show that fares are reasonably low and that services are reasonably good. Asked, "Do you find any cause for complaint in regard to service and fares of the street railway lines of the city of Chicago? 97 per cent. of the citizens asked answered No! To the query, Do you think that fares would be lower and service better under municipal operation? they answered, No! Says Mayor Harrison: "There is no desire for lower fares." The Times-Herald writes (Nov. 17, 1898): "The workmen are not asking for a

four cent fare and there is no popular demand in favor of it." Evidently, the questions of fares and services have been satisfactorily solved under the present system.

III. Now as to compensation. New York city received from its lines in '96 a total of $302,111.23, in lieu of all other exactions. This is about 3 per cent. of the gross receipts of the various companies. In the same year, from its three surface trunk lines alone, Chicago received a total of $1,184,700, almost four times as much as New York.

1896.

Gross receipts		$11,741,534.46
Taxes and car licenses	$344,000.00	
Ordinance burdens	211,000.00	
Paving and repairing	484,000.00	
Cleaning and sprinkling	120,700.00	
Carrying city officials	25,000.00	
	$1,184,700.00	

Percentage of gross receipts, 10.8 per cent.

Chicago has a greater mileage than New York. Its companies offer more transfer privileges, longer rides, and better services. And furthermore, the most valuable franchises in New York are perpetual. But New York receives about one-fourth less from its companies than Chicago receives from its lines. New York's street railway facilities are far inferior to Chicago's. Yet Dr. Albert Shaw, testifying before the New York State Commission, says: "I have never dreamed of advocating municipal ownership in New York. I have never even thought of it as a remedy."

In addition to the compensation received from the trunk lines, the Union "L" road pays in accordance with its franchise

Five per cent. of the gross receipts per annum the first five years.

Ten per cent. of the gross receipts per annum the next five years.

Fifteen per cent. of the gross receipts per annum the next ten years.

Twenty per cent. of the gross receipts per annum the next fifteen years.

Twenty-five per cent. of the gross receipts per annum thereafter.

The deplorable financial condition of the other "L" roads, and various minor lines, some in the hands of receivers, will not warrant the city to exact further compensation. The only source for additional compensation must be a percentage of the gross receipts of the three large trunk lines. The Harlan report, which has been discredited by the strong reform organization, the Civic Federation, by some method of absurd reasoning, attempts to show that the three companies can afford to pay the following additional percentages (average):

Chicago City Ry. Co.....18.60 per cent.of gross receipts.
West Chicago Co.....15.68 per cent. of gross receipts.
North Chicago Co. .....24.21 per cent. of gross receipts.
Chicago City Ry. Co.....18.60 per cent. of gross receipts.

They already pay an average of over 10 per cent. (See above.) The Harlan figures, if a computation were made, would show that a diminution of the gross receipts of the companies by 20 per cent. would wreck the roads. Add 10.8 per cent., which they already pay, to 18.6 per cent., or 24.21 per cent., or 15.68 per cent., and the resulting figures would represent an exaction which would be unfair and unjust. Says the Times-Herald, which is not at all friendly to these companies: "A compensation of 20 per cent., however paid, would be robbery of the corporations. There is not a street car line in Chicago which could pay such a tax."

Gentlemen, every franchise granted by the city council provides for compensation in some form. There is no law in Illinois nor a city ordinance that can estop the council from demanding whatever compensation it deems just. The city council can extend an old or grant a new franchise for any period of time from five to fifty years. The companies stand willing to pay an additional percentage of their gross receipts if their franchises are extended. The question seeking solution is: "What percentage of their gross receipts should be paid?" The reasonableness of the demands and offers must decide. An impartial investigation shows that in the question of compensation they have no cause for action.

The negative have a choice of two systems. If they contend that evils in the present system are due to a corrupt council, certainly a system of municipal ownership and operation with control lodged in the council would give rise to a worse state of affairs. A mere change in system cannot reform the council nor

wholly change the political life of the city. Confronted with this greater difficulty the negative must advocate some system of control by means of a board. But it must be a most theoretical scheme, indeed, by which could be administered a system of *city* ownership and operation of the *street* railways without dealing with the other departments of Chicago's government. The management of the street railway system interlocks with other business of the city in a most intricate manner. No board can be given the power to make extensions without the consent of the council. The city through the council has absolute control of the streets. Laying tracks, stretching wires, building road-beds, all these are subject to the control of the council. If the administration of the governing board conflicts with the council or other departments, then there will be dishonesty and friction as when a private company does the same business with the same departments of government. A governing board cannot do away with the corruptions which have resulted from dealings of the street railway companies with the aldermen. Then, too, this governing board must be appointed by the mayor, or the council, or by some other governing body, or must be elected directly by the people. Directly, or indirectly, the management of their system must be subject to the same forces which are elsewhere responsible for government in Chicago. The management of gigantic quasi public enterprises, requiring millions for capitalization, is seldom free from accusations of impropriety. But the millennium of municipal honesty is not yet come, and the stamp of approval of the negative alone, will hardly hasten its coming.

They have assumed the task of proving that a system of municipal ownership and operation, untried in America, would produce more satisfactory results that the present system. But, unless they can show that the operation of their system will result in lower fares, or better services, or an increased return to the city, what cause have they to demand so radical a change? Toronto, Canada, desiring to improve its railway facilities, purchased its road and leased it for private operation. This system prevails in Europe. The negative go farther. They advocate not only municipal ownership, but also municipal operation. Here lies their greatest difficulty. Whatever their scheme of management, the efficiency obtained under private operation has never yet been equaled by the efficiency obtained under municipal operation. The Harlan commission has made probably the most virulent attack on the traction companies of Chicago. Yet Mayor Harrison, member ex-officio of the commis-

sion, and John Maynard Harlan, the chairman, both regard the municipal *operation* of the roads as impracticable.

Under the present system, we have shown that Chicago enjoys as satisfactory services as the conditions of the city will permit; that she enjoys reasonably low fares; that she is solving the problem of compensation as Boston, St. Paul, and other large cities have solved it. An additional compensation will be exacted; the companies are ready to pay it. During the two years of the operation of the Allen law the city council has not yet dared to grant a franchise for an excessively long term or providing for inadequate compensation. The fifty-year franchise idea has been killed. Further, we have shown that the liberal financial policy of the roads has made possible an extensive and widely-ramifying system of street car lines with which the results achieved under municipal operation are incomparable. Lastly, we have called attention to the impossibility of removing the management of the roads, under the negative system, from the corrupting influences which are elsewhere responsible for Chicago's government.

Remember, the system of the negative is but in an experimental stage, and at that, in only a few European cities; that it is discountenanced by Germany; that it is pronounced impracticable by American investigators; that it is not demanded in Chicago.

WM. F. ADAMS, PHILOMATHIA.

The most important local problem before American cities today is cheap and rapid urban transportation. Necessity, as well as convenience, demands that the best possible service be given on the street railway lines. So far in American experience, the city has generally given the right of public transportation to private corporations. At first, this grant, or franchise, was simply a protection to the business of the corporation. But as the profits of the companies increased by the growth in population and the reduction of operating expenses, these franchises became of the greatest value. In consequence of this fact, the larger cities now demand from the corporations a fair compensation for such valuable rights. Besides a money consideration, the city, of course, rightly demands a good service.

With this brief introduction, we come to the question: Is the present system of private ownership and operation in Chicago preferable to a municipal system? The answer to this question clearly depends upon the answers to these three other questions. First—Are there evils in the present system? Second—Is a municipal system a remedy for these evils? Third—Is municipal ownership and operation expedient and practicable? In the answer to these questions, honorable Jurors, you must constantly keep in mind that the municipal system is conceded to be legal,, free from all state interference, and that it is further conceded that all appointments, promotions, and removals, are to be made on the basis of efficiency only.

Taking up now the first question: Are there evils in the present system? we find two inherent evils in the present street railway system of Chicago—poor service, and its constant corrupting influence upon state and city government.

To the great business population of Chicago the service of the street railway system is of the most vital importance. The gentlemen of the affirmative may claim that the present system has been a great aid in the development of Chicago. This may be admitted in so far as lines are well extended and good motive power used. All the facts show clearly, however, that the present system, from the standpoint of cheap and rapid transit, has not and does not render good service to the people of Chicago.

Let us consider first the service. The main surface lines serv-

ing this city are included in three large companies—the West Chicago Street Railway Company, the North Chicago Street Railway Company, and the Chicago City Railway Company, operating respectively on the west, north and south sides. The lines of these main companies all enter the business district. There are also three elevated roads—the South Side L, and the Metropolitan and Lake Street L's on the west side, all connected by the Union Loop in the business district. Besides these larger roads there are no less than eleven minor companies, aggregating 248 miles, making a total of nineteen separate companies.

As a result of this multiplicity of companies there is no such thing, in the strict sense of the term, as a system of transportation, but a conglomeration of many systems. This unsystematic arrangement would not be worthy of so much condemnation were it not for the fact that absolutely no connection or transfer privileges exist between the lines of the different systems, and sometimes not even between the lines of the same system.

Take first the three main companies. Although two of them —the West Chicago and the North Chicago Companies—are both in the Yerkes management, all of them fail entirely to arrange a mutual connection of routes or provide transfers between them. This inexcusable lack of arrangement is especially felt in the business center. Every passenger going from any point in the city through the business district to any other point must change cars and pay two fares. The three companies have divided the city between them, as if there were three cities with a common business center, instead of one compact and unified city.

On the elevated roads the condition is the same. Passengers on one road are brought to the Union Loop, where another fare must be paid to change to any other line.

In the minor companies this lack of connection is purposely brought about by the old companies in order to avoid transfers. When extensions became necessary on the North and West sides, Mr. Yerkes, who controls the North Chicago and West Chicago Companies operating these districts, instead of simply extending these old lines to cover the new districts, formed new companies, under the old company's management, and then charged two fares to all passengers transferring between the old company's lines and these new lines. These feeder companies, as they are called, are for all practical purposes consolidated with the old companies, being independent in name only. In no other way

can this peculiar organization be explained, except to avoid giving transfers to passengers on the ground that the lines of two different companies are being used. There are to-day no less than seven separate Yerkes feeder companies on the North and West sides, each failing completely to give transfers to any other line, thus making the fare practically ten cents.

But even more than this, between the branches of the two old systems, transfers are not always given, and the routes on which they are given are arranged, as John M. Harlan expressed it in a personal interview, "with devilish ingenuity." For instance, Mr. Yerkes of the West Chicago Company has leased to Mr. Yerkes of the North Chicago Company, the North Halsted Street trolley line, a West Chicago line, and now all passengers changing from this Halsted line to any of the twenty other West Chicago lines which it crosses must pay two fares, on the ground that the lines of two different companies are being used. This is another clever device of Mr. Yerkes to extort profits from the people. Time does not permit mention of all West and North Chicago lines on which transfers are refused.

Besides the Yerkes feeder lines, there are four other minor lines on the South side, each entirely independent of all other lines in granting transfers.

The official report on the street railways of Chicago is that issued this fall by the special committee of the common council, of which John M. Harlan is chairman. This report says: "Rapid transit in Chicago is in the hands of nearly thirty different companies, each with a monopoly in its particular district, and each administered under an individualistic motive to enhance its own interests, rather than to develop the means of transportation as a unified system."

The greatest defect in the service of the present system is this utter lack of unity and complete failure to provide transfers between routes. The Harlan report illustrates this by taking a point at the corner of Polk and Halsted streets. A person starting from this point must pay two fares and take three lines to reach the Illinois Central station, a mile and a quarter away; to reach the Polk Street station, also a mile and a quarter distant, you must take two lines and pay two fares; to the Northwestern station, two and a half miles, two lines and two fares; to Lincoln park, three and a half miles, two fares and two lines. But the gentlemen of the affirmative may say this is an unfavorable point of starting. But, gentlemen of the jury, take any point in the city, except the district immediately covered by the Chicago City

Railway Company, and you seldom find it possible to reach any point, even two or three miles away, without changing cars and paying two fares. From the standpoint of the people, the effect of the present system is exactly the same as if there were one consolidated system charging a ten-cent fare. So the people pay the price of this vital defect in service.

Another obvious result of this large number of unconnected routes is the inconvenience and loss of time occasioned by the numerous breaks in transportation. The convenience of passengers and the interests of rapid transit certainly demand continuous routes through the business district and the connection of feeder lines to the main system; and yet the business district, owing to the entire lack of connection between the lines of the three systems entering it is a complete network of breaks in transportation. The large number of unconnected feeder companies produces the same result. Rapid transit under such conditions is necessarily impossible. Thus the lack of unity makes the service of the present system not only a financial burden upon the people, but a serious inconvenience in transportation.

Can the service of such a system, where cheap and rapid transit are made impossible, be called satisfactory?

But, is municipal ownership and operation a remedy? Every interest of cheap and rapid transit demands consolidation of all routes, with transfer privileges. A consolidated system means that routes will be arranged to serve the interests of the whole system, instead of one particular company, as at present. Such a consolidation is, of course, implied in municipal ownership. Therefore, instead of a ten-cent fare for moderate distances, we should have a universal transfer system on the basis of a five-cent fare, thus lifting from the people a great financial burden and creating a great increase in traffic from the poor classes now absolutely unable to pay the excessive rate. Besides a cheap transit, rapid transit would be made possible by a natural connection of the main routes passing through the business center, and of the feeder lines to the main system.

The gentlemen of the affirmative, however, although admitting these remedial effects of municipal ownership, may say that municipal management would be inefficient and introduce evils as serious as those in the present system. But, gentlemen of the jury, I call your attention to the third concession of the question, which concedes to the municipal system that all appointments, promotions and removals shall be made on the basis of efficiency only. This concession prevents all question either of

the perfect efficiency of employes under the municipal system, or the perfect business management of the street railway department. All appointments, promotions, and removals, both of employes and managing officials, made on the basis of efficiency only, guarantees a perfectly efficient management and service, from the head of the department down to the lowest clerk or employe.

Is not a unified system of cheap and rapid transit, managed and operated for the public good by a perfect set of officials and employes, a remedy for the present multiplicity of systems, each managed entirely for individual gain?

We pass now to the second inherent evil of the present system; its great corrupting influence upon state and city government.

The most valuable property of street railway companies are their franchises, for which they are entirely dependent upon legislative authority. The franchises of the present Chicago corporations are worth fully $75,000,000. The value of the franchises depends largely upon their length and the amount of compensation which must be paid, and unscrupulous corporations with very valuable franchises at stake, have a powerful motive to exert corrupt political influence to avoid the demands of the city and secure long-term franchises with no compensation. These facts explain why the present system for over thirty years has deliberately corrupted city councils and state legislatures to rob the city of compensation. The first instance of corruption was in 1865, when a bill extending franchises ninety-nine years was passed over Gov. Oglesby's veto. Since the repeal of this act, in 1874, the companies have been compellled to go to the city councils for franchises, and from that day to this they have exerted an organized corrupting influence upon the city councils to push through franchises without compensation. The number of acknowledged boodle franchise ordinances passed during this time is appalling. The "Records of Aldermen," prepared by the Municipal Voter's League, reports that during the term of Alderman John Powers alone no less than eighteen such ordinances were passed, in spite of the universal protest of good citizens, the unanimous opposition of the press, and the vetoes of the mayors. In every council for the last twenty years the street railway influence has controlled a majority of the council, known as the "gang."

The culminating act of corruption, however, occurred in the legislature. By the ordinance of 1883 the franchises of the main lines expire in 1903. Now, then, realizing the immense value of

a long extension for little compensation, the companies last year introduced the notorious Humphrey bill, arbitrarily extending the franchises fifty years, providing a five-cent fare, and a paltry compensation of three per cent. of gross income. This bill aroused such a storm of protest from the press and public that it was defeated in the assembly. But the companies were not to be shaken off. The Allen bill was then introduced, containing the essential provisions of the Humphrey bill, but requiring, in addition, the consent of the city council to extensions. Again a storm of opposition arose. The Civic Federation, the Municipal Voters' League, the labor organizations, all fought it. Mass-meetings of citizens assembled, committees were sent to Springfield to lobby against it, the press with one voice denounced it, yet the bill was passed. Disgraceful as is the fact, it is universally acknowledged that the Allen law was deliberately bribed through the legislature by the street railway lobby. In no other way could such a measure have been passed. As Editor Medill of the Chicago Tribune expressed it: "Nine hundred and ninety-nine out of every one thousand Chicagoans know that all but a half-dozen of the members who voted against the people and for Yerkes were bribed." The Civic Federation committee of one hundred declared the Allen law "the triumph of corporate greed by odious, corrupt, and revolutionary practices." Said Editor Kohlsaat, of the Times-Herald: "The price of legislators was as freely discussed as the price of hogs at the stock yards." Quotation after quotation from newspapers and individuals expressed the same fact. We have here letters from assemblymen who voted against the Allen law. Every single one expresses himself as entirely confident that the law was passed by bribery. Says Assemblyman Allen: "I am perfectly satisfied that the law was passed by the use of money to procure votes."

But even this great act of wholesale bribery is but preliminary to one still greater. The Allen law simply permits the companies to push through the council a fifty-year franchise ordinance. Authorities estimate that such a franchise would be worth to the companies fully four hundred and fiftty million dollars. With such an enormously valuable franchise at stake, with a powerfully political machine, backed by immense capital, present at every ward caucus and primary, potent in every aldermanic election, its creatures always in control of the city council, the companies are "moving heaven and earth," as Mayor Harrison expressed it, to push those extension ordinances through the council. Those ordinances have already been introduced, and, in

spite of overwhelming opposition, are likely to pass. Their ultimate success or failure, however, does not, of course, affect this debate. If the companies do succeed, it will mean the complete surrender of the city for fifty years to come. Even if they are forced to a short-term franchise with a compensation tax, conditions are not changed. Granting that a fair percentage tax could be enforced, which is not at all likely, such a tax, of course, does not affect one particle the ability of the companies to bribe and corrupt whenever their interests demand it.

Now then, gentlemen, we do not propose to go into any harrowing details of the terrible effects of this long-continued and ever-increasing corrupting influence. They are apparent. The companies' main object having been to avoid compensation, they have obtained possession of the streets for almost nothing. About the ony annual tax is a small car tax about equal to the dox tax. The Harlan report shows that the value of the franchises of the three large systems alone is over $62,000,000, and yet for these immense franchises these companies paid last year into the city treasury only $97,000, or one-tenth of one per cent. The minimum compensation demanded by Mayor Harrison, and acknowledged by all authorities as just, is ten per cent. of gross receipts. On this basis these companies would have paid last year $1,150,000. Thus the city during all these years has been robbed of millions of dollars, which should have been paid for franchises.

But even this immense robbery is nothing compared to the destruction of political morality and honest representation, for which the present system stands responsible. Said Editor Medill of the Chicago Tribune, writing in 1883: "The common council of this city is a fetid, steaming, rotten morass, in which every scheme of reform, like high license for streets, is pretty sure to be overwhelmed." Said Mayor Harrison last year: "The City Council is steeped in crime and corruption." The same thing might have been said, and has been said, of the intervening councils and of the legislatures of 1865 and 1897. That the people can be thus continually prevented from electing and retaining honest representatives, that city councils can be so degraded, and that the street railway companies could add to these crimes the wholesale bribery of even a state legislature, point out with awful clearness that such powerful and unscrupulous corporations, possessing such immense franchises, are the greatest menace to pure city government and honest representation that exist to-day. The gentlemen of the affirmative have

given the apathy of good citizens as the great cause of poor city government. But what causes this apathy? Says Charles Richardson, vice-president of the National Municipal League, whose authority upon this subject is unquestioned: "The indifference of voters which is so generally complained of, is only one of many evils which are natural results of transferring useful functions from public officials to private corporations." The very fact that the city government has been so long controlled by the traction companies, in which the people have no voice or share, has made the citizens of Chicago cease to care for, or even respect their city government. The present system, then, not only debases the people's representatives, but also depresses the civic spirit of the people themselves. And as long as these corporations exist, as long as they possess such powerful motives for corruption, their immense franchises, whose value is increasing every year, it makes no difference what temporary money gain the city may receive, so long will these corporations be a controlling factor in politics, a constant source of corruption to city legislatures.

What, then, is the remedy? Obviously the only remedy is to expel the corporations and remove the source and motives for bribery. This means municipal ownership. There is not one not to-day be demanding municipal ownership, were it not legally impossible for the city to exceed its debt limit to buy the roads. From interviews and letters, we find that the same proportion would favor municipal operation, were it not for the fear that the street railway department would be drawn into politics. Assuming for the moment that such were possible under the terms of our question, it is inconceivable that a municipal department in politics would not be far preferable to the present system, which exerts the greatest corrupting political influence that could possibly exist.

But this one great objection to municipal operation is entirely thrown out of this debate by the third concession of our question. All appointments, promotions and removals to be made on the basis of efficiency only—a more perfect department and one more free from all political influence cannot be imagined. The closest analogy to such a system is the present Chicago Fire Department; acknowledged as free from politics and one of the best departments in the world. An absolutely perfect civil service, applying not only to employes, but also to officials, this we are conceded.

Can there be any question then, gentlemen of the jury, that

municipal ownership and operation with the street railway department completely free from politics, is a remedy for the terrible corrupt political influence of the present system?

I have shown, gentlemen, the two great evils of the present system, the poor service, and its great corrupting influence upon Chicagoan in ten who defends the present system, or who would state and city government. I have shown conclusively that municipal ownership and operation, with perfect civil service, as conceded, is the only remedy for these evils. It only remains to be shown that municipal ownership is financially expedient, and municipal operation reasonably practicable.

JOSEPH LOEB, ATHENAE.

Mr. Chairman, Ladies and Gentlemen, Gentlemen of the Jury: The gentleman preceding me has dwelt long upon the inefficiency of the service and the inadequacy of the facilities furnished by the Chicago street railway system. That there are evils existent in this system as in all railway systems, none will deny, for no system was ever devised by human brain and managed by human hands that proved perfect in practical action, nor will municipalization tend to bring in such a millennium. The gentleman's description of existing evils is not the whole truth. What would seem to be great evils appear on further investigation not to be evils at all. Take, for instance, the criticism of the existing transfer system. The gentleman dealt long on the fact that the road on any one of the sides of the city (west, north and south), does not give transfers enabling the continuance of one's ride upon the road of either of the other sides. That this is the fact is beyond denial, but the bare statement is but a half-truth, which is often more misleading than a perversion of the fact itself. The fact is, that there is no demand for transfers from one side to another, and why not? Because travel in Chicago is largely radial, between the outer residence portion of the city and the central district bounded by the river on the north and west, by 12th street on the south and by the lake on the east. Within the central square mile is done the greater portion of Chicago's retail business, and hence travel is largely to and from this district. A person living on the west side has no reason for desiring to go over to the south or north side, except for pleasure trip or visits. It is likewise with travel on the other sides. Chicago is really a combination of three cities with a common central business district. Therefore there is little or no demand for transfers from one side to another. Therefore, although the condition stated by the gentleman is true, it is not provocative of any hardship, and of no complaint outside of the ranks of theorists. The gentleman also repeatedly asserted that fares are higher in Chicago than elsewhere. I need but refer you again to what my colleague has said relative to this subject, and to the fact that no one in Chicago outside the ranks of the socialists demands a lower fare, while most Chicagoans believe a lowering of fares in that city impossible for some time to come. As regards the economical

effect of a combination of the various systems, I need but refer again to the absolute necessity for three big systems, the city presenting the geographical situation that it does. The combination of the various managements has already been proposed and the proposals of Joseph Leiter lately made, all tend toward such combination. But then municipalization is not necessary to effect such combination, and no radical change in manner of ownership is required to accomplish what is possible and even probable under present conditions.

My colleague has described to you the present street railway system. It has not only given excellent service at reasonable rates, but it has also been a leading factor in the city's growth and development. That some administrative evils and some municipal friction should have arisen, is but natural. But as Detroit and Boston and New York have settled similar difficulties, so Chicago is now settling these by fairer demands and fairer offers. Now, gentlemen, let us consider those municipal enterprises of the city of Chicago which are admittedly on a good civil service basis, for their success or failure will be largely indicative of the city's powers and capacities. This city has undertaken to light itself. In 1887 it planned to light itself entirely by electricity by 1893. To-day in 1898, the municipal plant, far from lighting the city, furnishes but 1,438 electric lights, while b yfar the greater part of the city is lighted by over 500 rented electric lights, by over 33,000 rented gas lights and by over 10,000 rented gasoline lamps. During these years the street car companies have added hundreds of miles of road, changed their motive power, kept in the forefront of all improvements, and have preceded population into the growing suburbs. The city light plant is most wastefully run. Says a Chicago electric light expert: "The light of the city is most poor, not of full candle-power and not always burning. The efficiency is not more than 60 per cent." And another, "The average is 500 candle-power and the lamps are out 10 per cent of the time." Now as to cost. The Chicago City Street Railroad Company allows the free use of poles, which makes a difference of $18 a light; the "L" roads allow the free use of their structures for stringing wire, and all the larger roads pay in money to the city's lighting department; and yet, with all these advantages, the lights cost the city more than those it rents from private companies. (The city report for 1894 gave the cost per lamp per year as $54. But expert De Camp testified before the Philadelphia commission that the real cost was $168. The last re-

port gives the cost per lamp per year as $90, but depreciation, insurance and interest on improvement are entirely left out of account. Professor W. J. Meyers, in the Political Science Quarterly, proves the real cost to be $161, while Expert Mathews in a report on Chicago lighting made January 27, 1897, showed the actual cost to be $181, but that is, however, somewhat higher than it is this year. The private companies, although they have to pay tax and water rates, make a profit at a charge of $107 per lamp a year, while the bare cost of the city's lights is $161. The failure of the department is admitted. The repair department has already been given up. Says Mayor Harrison: "The repair of electric lights was discontinued on August 5, 1897, and is now made by contract. This shows a net saving of $570 a month." Why given up? Because Chicago found it a most costly experiment. Private companies can do work better and cheaper, and the city knows it. Men whose whole life interest and business training are involved will always do better than city boards, or departments or commissions, who at the very best are only good servants, not wise managers and masters. Superintendent Elliott is an efficient man; he has succeeded in his own private business; the employes in his department are appointed, removed and promoted for efficiency only, under a good civil service, and yet his department has not been conducted as have similar private enterprises, and the employes are not so efficient as in private concerns. No government has ever, even under the most perfect civil service, even though employes were appointed, removed and promoted for efficiency only, obtained the same efficiency, the same effectiveness per unit labor as have private corporations. Chicago, unsuccessful in this attempt at lighting itself, with poor service at high cost, with confessed failure in this small enterprise, does not think of assuming ownership and operation of the great, complex, detailed and successful street railway system.

From the time the village owns its first town pump, the supplying of plenty of pure water is a civic function and a municipal responsibility, Chicago, with a great fresh-water lake, a good harbor and a level territory, ought to give service second to none. But the Chicago system is a great patchwork, with worn-out pumping works and carelessly constructed extensions requiring special assessments for work, which ought to be paid for out of profits. What service does it give? No building gets water above the second floor except during certain hours in the morning. All the larger buildings must have their own roof-tanks. The people southwest of the stock yards complain that they often

cannot get water at all. The water that people do get is abominable. Six million gallons daily are pumped from an old intake at 68th street which ends at a spot where there is contamination nearly all the time. Says the last health report: "The city water is usable but 19 per cent of the time." Truly this service is dear at any price. Yet Chicago for poor water charges $8.50 for the same amount of water which New York, with its expensive Croton aqueduct, charges $8.00. As ex-Alderman Kent says, "If the city ran the street railways and charged proportionately it would have to charge an eight-cent fare." The water works department is under Superintendent Nourse, admitted by all to be an efficient man. The employes are appointed, removed and promoted on the basis of efficiency. Yet this tremendous failure exists, and why? For the reason that a city has never yet succeeded in getting the same grade of service, the same efficiency, the same effectiveness per unit labor, as a private company, because no city has yet been able, nor will it be, till Bellamy's ideal is a reality, to do work, to conduct enterprises as successfully, as economically, and as satisfactory as do private corporations. A city that has so misused its opportunities and so miserably failed in one of a city's first functions, must not and does not think of owning and operating an enterprise far larger and more intricate, and not within the lines of municipal function at all.

Equally important with good water, are fairly well paved and reasonably clean streets. Yet Chicago's streets are, in the words of a prominent business man, "The dirtiest and worst paved on earth." Less than one-half of her streets are paved at all, and of the 1,000 odd miles paved the street car companies have paved over 900 miles to the width of eight feet. Chicago pays exorbitant prices for its city paving, and its pavements are largely wooden. And, in spite of the proven failure of wooden blocks for large cities, 50 per cent. of the new contracts are for wooden pavements. Says the Civic Federation report: "Hundreds of thousands of dollars have been wasted in poor paving." Says Commissioner of Public Works McGann: "Many of Chicago's most important streets are almost impassable." Commissioner McGann has proven his efficiency in private business. The employes in his department are employed on the basis of efficiency only. He is absolutely honest, and every man in his department is there because he can do the work. Yet why these radical defects? Simply because the world over, under even most perfect civil service, where all appointments, removals and promotions are for efficiency only, no such efficiency is ever obtained by a city

[illegible] Chicago has failed in *electric lighting*, in water-works, in street-paving and street-*cleaning*. These departments are all under men who have proven their capacity in private business, whose records are clean and whose appointments have been honestly made. The civil service in these departments is admitted satisfactory. Writes the president of the civil service commission: "Of the 9,000 men employed, 8,941 were appointed under strict civil service rules." Attacks such as have been made upon the Cook county civil service under which the police are appointed have not been

and cannot be made upon the service in these departments. The mayor himself says that the strictness of civil service has cost his party some of the foreign vote. Yet these departments are most unsuccessful and unsatisfactory as far as results go. Their efficiency and quality of service is not to be compared with the efficiency and service in any of Chicago's as well as has private business. The unit of labor obtained by a government has never equaled in efficiency that obtained by private companies. Upon the correctness of this proposition largely rests the validity of the conclusion that Chicago should not undertake the ownership and operation of a business so intricate, so complex, so tremendous, as the largest street railway in the world. Compare the efficiency obtained by any government with that obtained by private firms. The clerical force at Washington, under thorough civil service, with the service in large business houses. The United States Printing Department, and its notoriously bad work with the service rendered by Holt & Co. or McClurg. You know the facts, gentlemen. Take a case more nearly allied to street railways. Government railroads under a good civil service. In France, according to the Annales Industrielles, the government railroads can furnish nothing to compare with the freight and passenger service in the United States. In Germany, with all promotions, removals and appointments on the basis of efficiency, the service does not begin to compare with that of our own Chicago and Northwesterns, Pennsylvanias and Burlingtons. Even taking into consideration difference in density of population, the service per capita in Germany is but one-third that in the United States. The Archive für Eisenbahnwesen does not attempt to hide the fact. Lines have not been wisely extended, station and station yards are unfitted to deal with the increased traffic, the permanent way is out of date, and the rolling stock is not only old-fashioned, but also inadequate in quantity. The servants are mere cogs in a machine, the government. Nothing more is asked of them than that they do their work in the same listless, routine fashion that characterizes most employes of a government. But coming still closer, compare similar enterprises. The service in Glasgow with that in Chicago as discussed by my colleague. The service on the Glasgow municipal road which runs on the surface and charges as high as six cents with the subway service of the Glasgow District Subway Co., a private corporation charging but four cents for the same service. Based on Economist and Glasgow tramway's report statistics taking into consideration difference in

mileage, the efficiency of street railway labor in Chicago is 2.4 times that on the municipal road in Glasgow. Says Robert Porter, chief of the 11th Census, who spent several years studying European street railway systems, "A study of the Glasgow tramways is one of the clearest exemplifications on record of the incapacity of a city to deal as thoroughly with such undertakings as do private corporations." The incapacity of a city to deal as do private corporations. The incapacity of a city to deal as thoroughly with such undertakings as do private corporations." And this, gentlemen, is our basic proposition.

There is another and equally strong reason why Chicago should not extend her functions, enlarge her administrative duties and dissipate her energies. She needs all the energy she has, all the ingenuity procurable, all the strength she can summon, to throw off the present incubus of corruption in city government. Her assessment system is a palpable farce. With an actual valuation of $2,000,000,000, the assessed valuation is but $230,000,000, $100,000,000 lower than it was twenty-five years ago. Men pay the assessor more that they may pay the city less. And this assessment is most unfairly and inequitably laid. Look at this table.

Table showing inequality of assessment in Chicago.

HIGH.	BUSINESS HOUSES.	LOW
	Pr. ct.	Pr. ct.
James Clow	16.37	Horatio May 3.98
Hannah &. Hogg	15.46	Studebaker Bros. 3.98
Chas. T. Yerkes	15.80	L. Z. Leiter 5.56
John McGilt	20.10	Potter Palmer 7.40
Walter Peck	16.19	Henry Ziegel 4.50
Average Value, $886.96.	**RESIDENCES.**	**Average Value, $190,867**
	Pr. ct.	Pr. ct.
401 S. Lincoln St.	27.59	1-5 Lake Shore Drive.. 5.67
6912 S. Sangamon	56.00	87-102 Lake Shore Drive.. 5.54
808 Crawford	22.00	2124 Michigan Avenue.. 4.56
1770 W. Chicago	30	2715 Michigan Avenue.. 4 00
385 Central Park	24	361-365 La Salle 4.86

one of a government's first problems, "Fair taxation." Says the Times-Herald, "The system is systematized crime against the poor." Says F. H. Cooper of Siegel & Cooper, "There is one day on which we respectable business men commit perjury. That is the day we make returns to the assessor." A city which is con-

fronted with such utter lack of moral responsibility in many of its business men, which lacks funds, not because it has insufficient sources of revenue, but because assessor and assessed combine to rob the city has good present need for all the energies it can summon. Dishonesty and partisanship have crept into the Park boards. Treasurer Dreyer of the West Park board was convicted and sentenced only last summer for malfeasance in office. Partisanship has vitiated the non-partisan character of the boards. Supt. of Schools Andrews is now fighting the supposedly non-partisan school board because of their purely partisan appointments. The police are not appointed under good civil service, and in the words of last year's investigating committee, are used not so much for the protection of life and property as for the protection of all kinds of vice. Chicago's experience has shown that dishonesty and partisanship will creep into and grow upon any board and commission however non-partisan their appointment. Give the street railway receipts into the hands even of a supposedly non-partisan board, let a Chicago commission control the vast street railway moneys with all the temptations existing and there will be re-enacted on a far more stupendous scale the tragedy of the Philadelphia gas trust.

You know of Chicago's sudden growth and the inevitably attendant confusion, waste, lack of foresight and chance of robbery. Bear in mind Chicago's enormous foreign vote. Remember Chicago's lack of administrative and economic experience. Consider the absorption of her business men in their private enterprises, and that the withdrawal of their influence has given the city into the hands of the lower classes. Recall the tremendous power of the saloon in politics. Consider the great prizes for dishonest officials, the opportunities for blackmail and the tempting and unrestricted chance to feed at the public crib and you have the explanation not only why corruption is possible, but why it does exist. The thugs have been allowed to hold Chicago helpless while the thieves have robbed her. When justice must be bought and a premium is placed on conviction, when breaches of the gambling law are openly encouraged by the police, when the worst alderman can control the council committees and himself, without protest, be chairman of the most important, then, in the words of Franklin McVeagh, "The government of Chicago is indeed a deep disgrace to republican institutions." When assessors get fabulously rich in one term, when an alderman can, unanswered, proclaim the police not only as corrupt but as vicious, when the

mayor of this great city openly attacks the civil service because its success hurts his party, then the evil is indeed deep-rooted. When the millionaires on Wabash avenue band together to obtain an enormous sum for their names to a petition, when John Hill, the reformer, promises Harlem race-track freedom from attack in return for the program and bar-concessions, when John Harlan, as attorney for the Ferris Wheel company, has an ordinance, allowing his client to sell liquor in a prohibition district, passed over the mayor's veto by a council, the majority of which were hostile to Harlan, when these business men are too busy to see that government is good and too corrupt to wish it pure, then the evil is truly widespread and lies in the upper as well as in the lower classes. As long as Chicago's respectable business men perjure themselves to the assessor and blackmail corporations and are as criminally careless as they have been, so long will Chicago's character not only be her greatest problem, but it will also be absolutely prohibitive of any increase in civic functions. In the words of Editor Kohlsaat, "Chicago needs a little more municipal honesty before municipal ownership." And, gentlemen, this is our second proposition. To put the great street railway system into these conditions would, in the words of Mayor Harrison, create a great office-holding class even under the concession. It would also result in the most stupendous reign of corruption that Chicago has ever witnessed. Chicago has to retrieve her failures in electric lighting, in waterworks, in street-paving and street-cleaning, in revenue collecting and business management. Her government must be purified from within. Her citizens must be taught that he who robs the city is as much a thief as he who robs his neighbor. These then are Chicago's problems and they are far from solution. Such rashly radical action, such stupendous experimentation as the negative propose will merely aggravate these evils. We believe that if Chicago is not over-burdened and is judiciously directed by legislative control, she will eventually solve her problems. But the worst possible way to remove her present difficulties is to give her another and far greater problem. Chicago has failed in her important civic duties; she has these failures yet to overcome. She has failed in comparatively small, simple and strictly municipal functions. She herself does not desire to undertake the tremendous experiment of owning and operating the great street railway system. The assumption of such a system, spending over $1,000,000 a year more than the city itself does, employing 12,000 men directly and many thou-

sands more indirectly and representing an investment of over $100,000,00, will double Chicago's duties, complicate her administration and tremendously increase the opportunity and temptation for corruption. It would immeasurably hurt her in transit facilities. It would lower the status of the street railway system to the condition of the city water-works, lighting and street-cleaning systems. It would bring street railway service that is now the best in the world, down to the present low level of city service. Gentlemen, remember: First, that no city has ever obtained as good service, as high efficiency per unit labor as have private corporations. The logic of that proposition is absolutely against the assumption by the city of Chicago of the greatest street railway system in the world. And second, that Chicago has failed in small, simple and strictly municipal functions, that she is confronted by great present difficulties, that she needs all her energies for the solution of her present problems.

WARREN M. PERSONS, PHILOMATHIA.

The affirmative claim that the report of the special committee from Massachusetts is opposed to municipal ownership of street railways and in favor of private ownership. The tenor of the report throughout is opposed to the present system. On page 20, the report says: "The term franchise here, too, has been productive of dissension, poor service, scandals and unhealthy political action."

Again, on page 27, the report says of the present system: "While, because of its apparent simplicity, as well as from the analogy of the steam railroad, it naturally suggested itself in the early experimental stages of street railway development, it certainly does not now commend itself as a permanent or scientific arrangement." And finally, on page 28, the committee declares: "The system of private ownership of street railways * * * is not, however, that which commends itself, in theory at least, to the judgment of the committee." They conclude that private ownership should be superseded by the municipal ownership of tracks, and as soon as the civil service condition of our question can operate they would advocate municipal operation.

Again, the affirmative would lead you to believe that the Civic Federation and the people of Chicago are opposed to such a change. Although mere expression of opinion means but little, I will read you from a few letters written by some of the men who, they claim, denounce municipal ownership.

From George E. Cole, April 20, 1898:

"And all the best thought of the present time, both speculative and practical, concedes that the ultimate solution must be municipal ownership."

From John V. Farwell, April 18, 1898:

"If 'all appointments, promotions and removals shall be made on the basis of efficiency,' it would certainly be preferable to have street railway lines under municipal ownership and operation."

From R. M. Easley, Secretary Civic Federation, April 18, 1898:

"Under the conditions of your question, no one would be against the proposition, excepting the radical individualist."

The recent report by the special committee from the Chicago City Council was denounced as biased. The affirmative do this simply because the report favors our system. All the conclusions drawn in this report are taken from certified reports of the companies, and every statement made is based upon certain authority.

We do not deny that the city of Chicago is divided into three sections, but we do deny that this is any reason for the lack of transfers. You will notice that the terminii of all the roads is on the same side of the river, so the reason given is invalid. As for the demand for transfers, any one acquainted with the conditions of the city will know that there is a continual petition for their increase. Says the Harlan report, on page 10: "This important matter (the arrangements of routes) is not to-day, and never has been, subject to supervision and direction on the part of the city. The consequence is that many car routes are arranged in such a manner that they involve, for short distances, double fares and needless breaks in transit." On page 73: "The most obvious defect, as regards transfer privileges in general, consists in the fact that no passenger can ride from any given point outside of the business center of the city, through the business center to some point on the other side of it without paying two fares. * * * This condition has come about, not from the demands of traffic or of the city council, but in spite of both, and simply as an incident of the position which the companies have made as between themselves of the street railway business, a division which has treated the city as if it were three separate cities with a common business center, instead of one compact and unified city."

Furthermore, they claim that employes under government control are not and cannot be as efficient as those under private management. Let us examine this proposition first as to its theory, and, second, as to practical examples. Why is the employe efficient under private management? Simply because it is for his interest to be so. The employe is promoted for efficiency. But notice, gentlemen of the jury, that our question declares that this shall be the state of things under the system of the negative, "All appointments, promotions and removals shall be made on the basis of efficiency only." We will obtain efficiency by making it to the advantage of the employe to be efficient. The post office is a familiar example of efficient employes in the government service. Another example is the Brooklyn Bridge Railway, under municipal control. The em-

ployes of this system are claimed by the board of trustees to be most efficient and faithful.

But we can find examples in Chicago itself. The water works, fire department and lighting department are admirably managed. Says Mr. Ellicott, of the electric lighting department: "The personnel of our municipal force is equal to that of any private plant. The employes under our rules are eminently efficient."

Again, Honorable Jurors, you cannot exaggerate the corrupt condition in Chicago brought about by the street railway corporations. The corrupt history of Chicago can only be explained by some powerful motive to corrupt the council. There must be something to gain, or there would be no bribery. The presence of the street railway corporations with their interests in the public's streets explains the condition of the Chicago government. As long as the conflict of interests between the private company and the municipality is present, so long will we have corruption.

My colleague has shown you the street railway status in Chicago. He has shown a large number of lines under the management of separate corporations, exchanging no transfers, resulting in great general inconvenience and public dissatisfaction. Secondly, he has shown that vast financial interests are involved and that the street railway business is dependent for legal existence upon the city of Chicago. From these conditions he has traced their baleful effect upon the moral integrity of the city officials, upon the state legislature of Illinois, upon the people of Chicago and of the whole state.

In order to remove these two great evils he has proposed a system of municipal ownership and operation. He has proposed municipal ownership and operation to you as the most expedient, the best measure from a business and financial point of view. Is it expedient, is it best? No such proposition, of course, should be accepted without conclusive evidence. The street railway system is an immense one and its value is enormous. If such a step were taken the debt of Chicago would be second only to that of New York City, a debt, we admit, not to be assumed without most careful and serious consideration. Great as are the advantages to be derived from municipal ownership, by securing a rapid and cheap transportation to and from all parts of the city and by removing municipal corporations yet, we admit, such a step should not be taken before we know that we are following sound business principles.

At the outset we are confronted with the question of compensation. What should the city pay the corporations for their property? In our question we are conceded: that the transfer can legally and constitutionally be made and at a fair compensation. That is, it is conceded that the relations between the municipality and the street railway company are legally severed and that the city shall receive the street railway properties for a fair price.

Obviously the amount to be paid must be determined in one of three ways: (1) By par value of securities, or (2) by market value of securities, or (3) by cost of duplicating the present tangible property.

In the course of my debate I shall show you how each one of the foregoing items is constituted and so determine what is the true basis of compensation.

In determining this, because of a difference in the time of organization and in the method of financing the railway companies of Chicago, we may divide the companies into three groups:

(1) The three large surface lines.
(2) The elevated lines.
(3) The minor surface lines.

First, then, shall the compensation for the three main lines be par value of securities?

The Chicago city railway was incorporated in 1859. The horse-power that was originally used was later changed to cable and electric. During this conversion to mechanical power the stocks and bonds of the company underwent a proportional expansion and the capitalization of this road today represents the accumulated amounts invested, including the liabilities of the original horse road.

Contemporaneously railway systems were formed both on the north and west sides. In 1886, C. T. Yerkes and associates acquired control of these railway properties and franchises and immediately commenced to issue securities with a free hand. For instance, they issued $15,000,000 stock and turned the entire amount over to the United States Construction Co., composed of Yerkes and associates, for cable construction, which, according to Mr. Yerkes' own statement to directors, cost much less. According to the Illinois report, the Chicago city council report and Mr. Frank A. Vanderlip, assistant secretary of the treasury and formerly financial editor of "The Economist" and "Tribune," this construction really cost less than $8,000,000. Surely the par value of securities is no criterion of the real value of this property.

The capitalization of these three lines contains the total securities issued since 1859. In the cases of the North and West side system Mr. Yerkes, by his own admission, issued millions of fictitious securities.

By chart No. 1 you will observe that the average liabilities per mile of the North and West sides are over twice as great as the liabilities of the South side. Just a simple comparison like this shows the "water" in the North and West side systems. But I have shown that even the capitalization of the Chicago city railway represents more than the present value of the tangible property.

CHART No. 1.—*Liabilities per mile compared.*

Three main companies.	Mileage in city.	Liability per mile.	Bonds per mile.
Chicago City Ry. Co.	189	$87,600	.....
* West Chicago St. R. R. Co	203	154,696	.....
* North Chicago St. R. R. Co	86	179,020	.....
Minor Companies.			
Calumet Electric	72	48,734	$41,791
* Chicago & Jefferson Urban	8	286,493	26,753
* Chicago Electric Transit	32	79,662	33,650
Chicago General Ry	31	51,936	36,063
* Chicago North Shore Ry	9	88,333	45,000
* Cicero & Proviso Ry	7	116,618	50,252
Chicago Electric Traction	11	162,790	69,767
* North Chicago Electric	23	12[illegible],383	35,276
* North Side Electric	7	251,520	23,556
* Ogden Street Ry	12	59,314	16,457
South Chicago City Ry	35	90,480	44,657
* Evanston Electric	.....	205,454	23,636
Hammond & Whiting	.....	17,454	4,545
Surburban R. R. Co	.....	83,333	41,666

* Under Yerkes control.

Authority 1898, Investment Supplement issued by Chicago Economist and containing official reports.

Consider for a moment what the capitalization of these companies would be if all the capital had the right to enter into the business; that is, if the street railway business were a business open to competition. Wherever competition enters to fix the price of the service, the plant necessary to render that service is worth, not what it costs, but what it can be replaced for. The legitimate capitalization of the street railways, therefore, is cost of duplication of their tangible property. Therefore you must

conclude that the par value of the securities of the first group of railways is not fair compensation for the property because of the over-capitalization.

But how much are these three roads over-capitalized?

Chart No. 2 gives cost of duplication of the three large surface systems. The figures are taken from the official report of the Illinois labor bureau for 1897. They are given in the report as the maximum. Land, tunnels, machinery, equipment and track, cable and electric, are taken at the maximum. They have been submitted to the prominent engineers and editors of financial papers of Chicago and have their unanimous approval.

The present capitalization of the roads is taken from a financial journal of Chicago, "The Economist," to which we were referred by Mr. Nagle, manager of the Chicago city railway, as being official.

In the first column are the total stocks and bonds of the companies, in the second is the cost of duplication of each road. Taking the difference between the two we get $32,288,428 as the over-capitalization of the three companies.

Now let us turn to the elevated roads. Should the city pay the par value of their securities for this property?

Says Mr. Vanderlip, "The history of the elevated railroads in Chicago offers an illustration of stock-watering that is obscured by no complications. At no time was it ever contemplated to pay one dollar of cash into the treasuries of the companies for this $38,000,000 stock. The plan followed was to organize a construction company of the same promoters to build the road; this company to receive all the stock and all the bonds of the elevated railroad company in payment. This simple method enabled the companies to evade the law, and contemplated the construction of all the roads from the proceeds of bonds alone."

In order to show the over-capitalization of the elevated roads I have obtained as near as possible the actual amounts invested. The figures given in chart No. 2 I have taken on authority of Mr. Payne, financial editor of the "Economist," and are supported by the editors of financial publications, as well as by engineers of Chicago. As bonds were given away for frontage consents, bonuses, etc., in every case the estimates are too high. Even according to these maximum estimates we find the over-capitalization to be $32,320,281.

Surely the city should not pay the elevated companies the par value of such securities.

Finally we ask, should the minor railway companies, the third group, be recompensed for the par value of their securities?

My colleague showed to you that these feeder lines were organized by Mr. Yerkes to avoid the giving of transfers, so they were financed according to Yerkes' methods. The roads were paid for by bond issue, and in order to make the bonds marketable they were guaranteed by the North and West Chicago street railways. Says Rand McNally's Bankers' Monthly: "In no case does their large capital stock represent a money investment."

Let us compare the total liabilities per mile.

This chart, No. 1, gives the average per mile of bonds and total liabilities. The liabilities range from $17,000 to $286,000 per mile. From the capitalization of any line it is impossible to tell what the actual cost of the property was.

In Mason, Lewis & Co.'s Investment Supplement for February, 1897, we find that according to a letter by Mr. D. H. Louderback, president, "The nineteen miles of the Chicago North Shore Street Railway company cost $35,108 per mile." The Illinois report gives $35,000 per mile as the cost of the duplication of these roads. This estimate has been certified to by

CHART No. 2— *Over capitalization.*

Three Main Companies.	Liabilities [1]	Cost of duplication. [2]	Over capitalization.
Chicago City Ry	$16,619,500	$11,772,505	.....
West Chic. St. R. R.	31,357,000	13,384,889	.....
North Chic. St. R. R.	15,351,000	5,881,678	.....
Total	$63,327,500	$31,039,072	$32,288,428
Minor surface companies	$21,617,818	[3] $8,680,000	12,967,818
		Amount invested. [4]	
Elevated Companies:			
Lake St. El. R. R.	$15,902,000	$4,215,536	.....
Metropolitan West Side El.	30,000,000	15,863,900	.....
Union Elevated	9,212,000	4,212,000	.....
Union Consolidated Elevated	1,407,000	366,300	.....
South Side Elevated	11,073,800	10,616,783	.....
Total	$67,594,800	$35,274,519	32,320,281
Grand total	$152,570,118	$74,993,591	$77,576,527

[1] 1898, Economist Supplement.
[2] Illinois State Report, 1897, page 54, issued by Labor Bureau.
[3] Minor surface roads are put in at $35,000 per mile, see Labor Bureau Rep., page 59.
[4] 1893, Economist Supplement and Mr. Paine, financial editor.

Chicago authorities. By chart No. 2 the over-capitalization of the minor roads upon this basis is $12,967,818.

Combining the figures for capitalization for all the lines of Chicago the total over-capitalization is $77,576,527. It is clear from this and from the preceding argument that the par value of securities does not represent the investment and is not a fair basis for compensation for these properties.

We now inquire: Is the market value of the securities the true basis of compensation? What gives street railway securities their market value? This market value is based upon two elements: (1) the tangible property of the company representing the investment, and (2) the expectation of future profits based on the exclusive franchise privilege. It is evident that the city should pay the companies the value of their tangible property. Concession No. 1 makes it legal and constitutional for the city to obtain the property of the company, thus terminating the legal right of the companies to the streets. The question then is: Should we under these conditions recompense the stockholders for the expectation of future profits?

The right to use the public ways was granted to the companies solely for the convenience and in the interest of the public. The grant of a location to a corporation was made for the accommodation of the community and not as a gift or private privilege to the corporation. Shall the interests of a few stockholders be considered in opposition to the interests of the public? Any money that was invested in street railway stock was invested as a speculation and the city is not responsible to the speculator. Says Edward M. Winston in a letter of November 27th, 1898: "In Chicago the street car companies have made large profits and therefore have no right, moral or legal, that any other capable company would not have, and the city is bound to consider public welfare only. Of course the convenience of the companies should be consulted in everything that does not involve loss or harm to the public."

Upon this reasoning then that the corporations, by concession 1, have no legal claim to the streets and that the street railway is for the convenience of the public, the city should pay the cost of duplication of the property it receives and not the market value of the companies' securities.

We are supported in these conclusions by many authorities. The city of Philadelphia early recognized this principle by passing a law with the following provision: "The city of Philadelphia reserves the right at any time to purchase the street railway

property, by paying the original costs of said roads and cars at a fair valuation."

Justice Brewer in the case of National Waterworks Co. vs. Kansas City (62 Fed., 853) decided that the fair value to be paid by the city is not market value of securities, but value of tangible property.

England has a law empowering cities to purchase railways "Upon terms of paying the then value of the tramway (exclusive of any allowance for past or future profits of the undertaking, or any compensation for compulsory sale, or other consideration whatsoever)."

Similar provisions are in the charters of New York, Toronto, Montreal and many other cities, and it cannot be doubted that cost of duplication is fair compensation.

But the affirmative may still ask, Will this investment be a paying one for the city? The only way in which this question can be answered is by the earnings of the property in the past. My colleague will establish that our municipal operation is even more efficient than present private operation. Chart No. 3

CHART No. 3—*Three roads paid for in eight years.*

	Annual surplus.	Accumulated at 3½ per cent. compound interest.
1890	$2,657,183	.....
1891	3,134,151	$5,884,335
1892	3,711,093	9,801,380
1893	5,449,087	15,593,515
1894	3,246,774	19,386,082
1895	3,866,204	23,930,799
1896	3,869,949	28,638,826
1897	4,237,926	33,878,593
Eight years surplus	.....	$33,878,593
Cost of dup. 1898	.....	31,039,072
Remainder	.....	$2,839,521

* Taken from companies, official report published in 1898, by W. K. Ackerman.

shows the net receipts of the three main surface lines from 1890 to 1897 inclusive, the surplus for each year computed according to plan shown in chart No. 4. From the reports of the companies, whose correctness is certified to by the respective officials,

I have taken the gross receipts, operating expenses, taxes, insurance and depreciation. Since, by the authority of the foremost bond houses and banks of Chicago the city can issue bonds at three and one-half per cent. to pay for the system, that percentage is figured as interest for each year on the cost of duplication. Subtracting the gross expenditures from the gross receipts we obtain the net return. Accumulating these yearly returns at the same percentage, you see that these three roads will have entirely paid for themselves after allowing for all charges in less than eight years. Would this be a ruinous investment for the city?

CHART No. 4.— *Method of obtaining yearly income.*

Income of three main companies for 1896.[1]

[1] Cost of duplication	$31,603,488 Expended.	..... Receipts.
[2] Gross receipts	.....	$11,741,524
[2] Operating expense	6,509,974	.....
[2] Taxes, insurance and depreciation	255,481	.....
[3] Interest at 3½ per cent. on cost of dup	1,106,120	.....
Total	$7,871,575	7,871,575
Net return for 1896	.....	$3,869,949

[1] This item taken from I linois rep rt, page 54.
[2] These items taken from a report by W K. Ackerman, issued in 1898, by the street railway companies in which are the certified reports of operation.
[3] This item on authority of N. W. Harris, Dewitt & Co., A. O. Slaughter & Co., bond dealers, and Comm. Nat. Banks, and editor of "Bonds and Mortgages," and others.

But would the elevated roads prove a good investment for the city? Chart No. 5 gives the total annual surplus on basis of present earnings from the combined elevated properties. For each road the surplus is obtained as shown by chart No. 6. The gross receipts are taken from the companies' present reports of traffic. Taxes, operating expenses, insurance, etc., are the official figures of the company in each case.

Interest is charged as before at three and one-half per cent. on the investment. If traffic merely remains as great as it is at present, the annual surplus to the city, after deducting all expenses and charges of every kind, taxes, special assessments, and three and one-half per cent. interest on investment is $334,907.

Lastly the income of the minor roads must be ascertained. Since only three of these companies publish reports, the income cannot be obtained as easily as from the large lines. But fortunately there is another method to obtain the minimum net receipts of these roads. All but four of the minor lines have the

CHART No. 5.—*Income from elevated and minor lines.*

	Deficit.	Surplus.
Elevated Companies: [1]		
South Side Elevated		$120,956
Lake Street Elevated		69,633
Union Elevated		210,524
Union Con. Elevated		6,105
Metropolitan West Side Elevated	$72,311	
Net surplus		$334,907
Minor Companies [2]		54,538
Total surplus after deducting all expenses and 3½ per cent. interest		$389,445

[1] Income is based on reports of traffic given in the "Economist," as follows:

Daily traffic:

South Side Elevated, 60,000 people.

Lake Street Elevated, 35,000 people.

Union Elevated receives rental from other roads and thus is actual rental received.

Union Con. Elevated receives rental from Metropolitan West Side.

Metropolitan West Side Elevated, 70,000 people.

[2] Taken from companies' reports and guaranteed interest as given in '98 "Economist," is taken as the minimum net income where there are no reports.

CHART No. 6.—*Method of obtaining incomes given in chart No. 5.*

Income of South Side Elevated.[1]

	Expenditures.	Receipts.
Daily traffic, 60,000.		
For year — 21,900,000 at 5c		$1,095,000
From advertising		30,000
Total		$1,125,000
Taxes	$27,657	
Loop rental	98,550	
Operating expenses and insurance	506,250	
		632,457
Income on investment		$492,543
Investment — $10,616,783.		
Interest at 3½ per cent. on $10,616,783		371,587
Net surplus		$120,956

[1] These items are taken from 1898 Economist Supplement.

interest on bonds and in one case a six per cent. dividend on stock guaranteed by the Yerkes' system. And Mr. Yerkes stated in his annual report to the North Chicago Street Railroad Co.: "The different companies for whom this company has guaranteed bonds are now earning more than an amount sufficient to pay their fixed charges, so that the guarantee of the company costs it nothing." Therefore, in these cases, I have computed the actual guaranteed interest on stocks and bonds, which is the minimum net income. For the remaining cases I have taken the officially published statements. Subtracting from this income three and one-half per cent. on the cost of duplication gives the annual surplus to the city as $54,538.

Now, how much longer upon this basis will it take the city to pay for the elevated and minor lines.

CHART No. 7.—*Six years more to pay for elevated and minor roads.*

Sources:	
Remainder from chart 3 accumulated at 3½ per cent. for 6 years	$3,522,634
Income from elevated and minor roads accumulated at 3½ per cent. for 14 years	6,884,216
Income from 3 main companies accumulated at 3½ per cent. for 6 years	35,100,472
Total receipts from all lines in 6 years after surface roads paid for	$45,507,322
Amount invested in minor and elevated roads	43,954,519

To pay for all lines.

Three main lines paid for in (by chart 3)	8 years
Elevated and minor lines paid for in (by chart 7)	6 years
All paid for in	14 years

Supposing the present surplus above three and one-half per. cent. interest on investment to continue, then accumulating the total annual surplus of all roads at three and one-half per cent. compound interest as before, we find that in six years after the three main surface roads have paid for themselves, the whole system surface and elevated will be paid out of earnings alone. Or, in other words, if the city of Chicago assumes the street railway system and income remains absolutely stationary, the whole debt can be liquidated from profits alone in at most fourteen years. The city would absolutely own a property worth $75,000,000, and it could either reduce fares to actual cost, a condition impossible under the present system, or turn the annual income of $5,000,000 to the common good. Surely this undertaking in

the light of facts does not seem rash and unbusinesslike, especially when you consider that we are guaranteed a business system since all employees and officials are to be appointed for efficiency only.

In the course of my debate I have shown that the cost of duplication of tangible property is the fair compensation to be paid by the city.

I have shown the annual surplus that would be received by the city above all charges and interest on the amount expended.

I have shown that applying these profits to the amount invested, the entire debt will be paid in fourteen years.

From the foregoing facts we must conclude that besides removing many evils inherent in the present system, municipal ownership and operation of the Chicago street railways, in which "all appointments, promotions and removals are made on the basis of efficiency only" is an eminently practical and business-like proposition.

WM. S. KIES, ATHENAE.

Mr. President, Ladies and Gentlemen, Worthy Jurors:

In advocating a system of municipal ownership the negative are bound to provide for its administration and government. Their argument has, however, been thus far purely theoretical. They have not attempted to show how their system will work in actual practice; they have presented no scheme for its administration and government. In order to prove municipal ownership advisable for Chicago, they should show its success elsewhere. The six or eight cities in Europe, with their antiquated horse-car lines, and a total combined mileage of hardly one-tenth that of the city of Chicago can hardly be cited as successful examples of municipalization. An analysis of the rose-colored reports of these European successes (?) shows, however, that when proper allowances are made for depreciation, interest, and other fixed charges; when fares are considered in relation to service and distances, and when the differences in conditions are taken into account, the showing made would be considered as disgraceful by the average American company.

It is always incumbent upon the advocates of any radical social or economical change to show that that change is demanded. We have shown you that there is hardly a prominent business or professional man in Chicago who is today ready to advocate municipal operation of street railways.

The gentlemen have attempted to force upon you an interpretation of this question which is absurdly unfair. They would discuss the present system in all its aspects as a practical working system, but their system is to be ideally perfect, an dany attempt to submit it to practical criticism is an infringement of the third concession. Gentlemen of the jury, we submitted that concession to the judges of our own supreme court, the prominent city, county, state and federal judges in chicago, to lawyers, scholars, and business men, and the answer invariably obtained was: "that concession means practical civil service." And where, worthy jurors? In the conditions and environment furnished by the city of Chicago today.

The gentlemen's main reasons thus far for advocating municipal ownership and operation have been:

(1) That municipal ownership would result in more transfers. (2) That corruption in city government would be decreased by municipalization.

They do not pretend to lower fares immediately, nor will they ever be able to, and judging from the services at present rendered by the city, we surely cannot hope for better service and better transportation facilities.

My colleagues have shown you that owing to the peculiar division of Chicago into practically three cities, there is no especial demand or need of transfers from the North to the South or West sides, and, further, that it would be a financial impossibility to carry people from the northern to the southern confines of the city for five cents, a distance of nearly thirty-five miles.

With respect to the negative's corruption argument, can any one believe that a change in ownership will work a miracle in the characters of Chicago officials and aldermen? Judging from their arguments the negative would lay all the misgovernment and official rottenness in Chicago at the doors of the street railway companies. Are the companies to be held responsible for the dishonesty in the street department, the park steals, the manipulation of contracts, the licensing of crime and vice, and the general debauched condition of the city's administration? Did the street railway companies pass the Bacon compressed air ordinance? Are they responsible for the Ogden gas and the other gas franchises hawked about for sale on Wall street by Chicago aldermen? Are they to be charged with the Lake Front steals, and the general electric hold-up?

As my colleague has so ably shown you, worthy jurors, the cause of corruption lies deeper than any form of ownership, and it is nonsensical to argue that municipal ownership will bring municipal virtue. If we cannot now elect honest men and keep politics out of public service, how can we better do this when the number of public servants is doubled? If the city cannot now administer its property in an economical and honest manner, what reason is there to suppose that with two-fold greater burdens it will be able to do better?

A few words in regard to the figures of the gentleman preceding me. He bases his entire argument upon the authority of Dr. Bemis, author of the Street Railway portion of the Illinois Labor Report. As a first consideration, Dr. Bemis' partisanship as regards this question should disqualify him as a competent authority. Though an able economic student, Dr. Bemis is not an engineer, and is therefore not qualified to speak with authority on

the cost of constructing street railways in Chicago. Dr. Bemis, however, bases the larger part of his estimates upon the estimates of Mr. Frank Vanderlip, formerly employed as a sub-editor on the Chicago Economist. Mr. Evans, editor of this paper, said in a personal interview, when asked regarding Mr. Frank Vanderlip's position as a street railway authority: "Mr. Vanderlip has no qualifications for judging the cost of constructing a street railway. I had as soon take Herr Most's opinion on the bible as Mr. Vanderlip's on street railway construction."

The gentleman, too, has failed to make a far from sufficient allowance for depreciation in his estimates and has entirely neglected a sinking fund.

The construction the gentlemen place upon the first concession is exceedingly novel and amusing. The transfer can be legally and constitutionally made, they say, means that the rights of the companies to the roads cease at once; that all the properties pass into the hands of the city which will then generously present the companies a sum equal to about one-third of the value of the property confiscated.

They have entirely ignored the fact that the constitution of the United States and of every one of the states recognizes the existence of vested rights. An elementary knowledge of constitutional law should have taught them this.

But, honorable jurors, what does this first concession actually mean? It concedes that a sale is to be made to the city; that the city by the state constitution and statutes is to be permitted to be the buyer, and that this sale is to be concluded at a fair compensation. A fair compensation will, of course, in the absence of franchise provisions, have to be determined by the courts with due consideration for vested rights and interests.

And now what is a fair compensation? Says Mr. Evans, editor of Chicago's financial journal, the Economist: "The city stands in the same position as any other purchaser would. A fair compensation to the owner is the market value of the roads, as represented by the market value of their stocks and bonds." Writes Judge James G. Jenkins: "When the city exercises its right of eminent domain, and property is taken from the owners for public use, the compensation must be full and adequate, and the full value of the property, including therein the full value of the franchises, must be compensated for." Says Judge Woods, of the United States circuit court: "In the absence of specific franchise provisions the question would have to be decided by the courts, who in all probability would hold that the

market value of the stocks and bonds constitutes a fair compensation, though, in the case of the elevated roads, which have as yet made no profits, the prospective earning value would have to be considered." Says Judge Showalter: "Inasmuch as the market value, by state laws, is assumed as the basis of assessment for purposes of taxation, fair compensation in case of a sale should justly be taken as the market value of the roads."

These are the opinions of the judges in whose courts the question of compensation would have to be decided. Other judges, including members of the city and county courts and of the state supreme court, interviewed and written to, agree that the market value of the securities must be taken as the fair compensation. The assumption then by the city of a debt equivalent to the market value of the roads must be taken as one of the necessary conditions of the proposed system of municipal ownership in Chicago. I repeat, the assumption of such a debt is a necessary condition of the proposed system of municipal ownership in Chicago.

This conclusion is also justified in equity. The stocks and bonds of the various street railways are distributed among thousands of holders. We examined the stockholders' book of the N. C. street railway, and found that a very large number of the great middle class had invested their savings in this manner. Untold misery would result by the payment of less than the market value of this stock. And surely, gentlemen, there can be no justification for a course which would be nothing less than an actual robbery of these people.

Then, too, the street railway securities to a great extent form the assets of a number of the largest banks and trust companies in Chicago. The shrinkage in assets caused by an assumption of the street railway properties at less than the market value would drive many of these institutions to the wall, producing a panic from which it would take years to recover, and inflicting a lasting injury upon the reputation of the city as a safe place for the investment of capital.

With our argument fortified by the informal opinions of the very courts that would decide the question of fair compensation, and considering the wide-spread ruin and disaster that would follow a policy of practical confiscation, we must conclude that the market value at least should be the price of the transfer. But even then a great injustice would be done to the elevated roads, all recently, and a part of them still, in the hands of receivers. Their securities at the present time would not bring

half the actual cost of the roads. According to Prof. Bemis himself, the negative's authority, the elevated roads have not even paid the smallest interest on the actual investment. Sometime, however, they will net a profit. The investor has been willing to wait for this time. In justice to him, therefore, the prospective earning value should be considered, or there should at least be returned to him his original investment with a fair interest.

But taking the market value only; the three surface roads, as given by the Harlan report, the negative's authority, and compiling the value of the other roads from the quotations in the New York Commercial and Financial Journal, the Economist, and the Chicago Stock Directory, we find the cost of the negative's experiment to be over $141,000,000, as is shown by the following chart.

CHART I.—*Estimate of cost of roads to city at the legal fair compensation. Market value of securities.*

		Authorities.
West Chicago	$35,360,795	Harlan Report, p. 303.
North Chicago	24,107,150	Harlan Report, p. 296.
Chicago City	32,144,500	Harlan Report, p. 289.
Northwestern Elevated	6,290,611	Actually spent thus far in construction.
South Side Elevated	8,622,338	Chicago Stock Directory; Economist; N. Y. Commercial and Financial Journal.
Metropolitanl Eevated	9,825,000	
Lake Street Elevated	5,003,925	
Union Loop	4,279,370	
Union Consolidated	407,000	
Chicago North Shore	1,325,000	Par value of guarate'd bonds alone taken.
Calumet Street Railway	3,000,000	
Chicago General	1,634,000	
South Chicago City	1,563,000	
Hammond, Whiting & E. Chicago	100,000	
Suburban Street Railway	1,250,000	
Evanston Electric	130,000	
North Side Electric	155,000	
North Chicago Electric	829,000	
Chicago Electric Transit	1,097,000	
Chicago and Jefferson	206,000	
Cicero and Proviso	1,957,000	
Ogden Street Railway	750,000	
Chicago Electric Traction (storage battery)	1,248,000	
Total	$141,284,689	

NOTE.—City must further purchase the franchise rights of General Electric Railway to twenty miles of street.

When I tell you that the entire bonded debt of Chicago, as authorized by the state constitution, is in round numbers but twelve million dollars, and that, including the world's fair bonds, authorized by special amendment, the entire debt of the city is but $17,000,000, do you not question the wisdom of a proposition advocating an increase of the city's indebtedness to over nine times its present amount for the purpose of what is really a reckless experiment? The citizens of Chicago had not attempted to increase their bonded debt, even to provide for the crying needs of a great city. Shall over-crowded schools, worn out and rotten pavements, filthy and disease-breeding streets and alleys, over-flowing garbage boxes, shaky bridges and viaducts, inefficient lighting facilities, and inadequate, and unusable water supply, and wretched sanitary conditions receive no consideration, while a debt of $141,000,000 is incurred for the purpose of developing a mere theory?

But a debt of this kind draws interest. Assume this at the rate of four per cent., which rate a large per cent. of the city bonds bear. It is doubtful, however, whether such an immense amount of bonds, issued at one time, could be floated at par, if at all. It must be considered that this issue is larger than any single issue in the United States since the civil war, not excepting even the recent war loan. Prominent bankers and financiers to whom our estimates were submitted for approval, expressed serious doubts as to the probability of even floating the bonds at one time.

But conceding the issue a success, what is the situation? Over $5,600,000 must be raised each year for interest alone. And, unless at the end of a period of years the city is to have on its hands a worn-out system, to be reconstructed by taxation or by a further issue of bonds we must provide for depreciation. Carroll D. Wright, in the investigations of the United States labor bureau, has ordered a regular allowance for depreciation to be made. Detroit in its annual lighting estimates, and even Glasgow in the case of its street railway, do the same.

From correspondence with prominent engineers we find that 7½ per cent. is an extremely low average of depreciation on a street railway system. Now taking 7½ per cent. on the cost of duplicating the physical property, as given by Professor Bemis and the Harlan report, ridiculously low estimates, we have over $4,000,000 more which must be provided for each year.

CHART II.— *Net annual receipts of roads for the year 1897 — From reports of roads in Economist and Chicago Stocks Directory.*

Chicago City	$1,907,534
West Chicago	1,979,253
North Chicago	1,991,625
Lake St. Elevated	250,836
Metropolitan Elevated	292,880
South Side Elevated	132,945
Calumet St. Railway	131,672
Chicago General	37,305
Union Loop	250,000
Allow for remaining small roads, reports of which not obtainable	400,000
Total	$6,847,048

CHART III.— *Annual loss to city under municipal operation.*

Estimate based on the legal fair compensation.

Interest 4 per cent. on $141,284,689	$5,651,387
Depreciation 7½ per cent. on $55,038,683 (value of physical plan)	4,081,276
	$9,682,663
Annual net receip's	6,847,048
Annual deficit	$2,835,615
Legally required sinikng fund — 5 per cent. of $141,284,689	7,064,234
Total annual deficit	$9,899,849

Assuming that the city will be able to render as efficient service at as low a rate, that is, that the cost of operation remains the same, which proposition we absolutely deny, we have as net receipts, applicable to the above fixed charges, $6,847,048, leaving a net deficit of over $2,800,000 to be met annually. How? By the issue of more bonds or by direct taxation. But how are the original bonds to be paid? Section XII., Article IX., of the Illinois constitution provides that any municipal corporation incurring a bonded indebtedness, shall provide for the collection of a direct annual tax sufficient to pay and discharge the principal thereof within twenty years from the time of contracting the same.

Unless, then, we over-turn entirely the state constitution we shall have to provide for this 5 per cent. sinking fund. But where is it coming from? As we already have an enormous deficit of over $2,800,000.

While the courts, as already shown, would in all probability compel the payment of the market value, and while morally it is the only just compensation, still, in order to silence those who

believe in a confiscation of vested interests, and who have no regard for financial disaster, or the irreparable injury to the city's reputation such a course would bring, let us see what a showing the city could make if it paid, not the market value, but the cost of duplication only. Taking the Harlan figures for the three surface lines, and the figures of Bemis for the elevated and minor roads, we obtain $76,000,000 as the transfer price. A word as to these estimates: Mr. Bemis nowhere allows for the cost of frontage to the surface roads, of itself an immense sum, ranging from $25,000 per mile to $200,000 for a single block in the down town district. Further, we have obtained estimates from numerous engineers in Chicago and elsewhere, and find Prof. Bemis from 25 to 50 per cent. too low in every case.

As a specific illustration of the unreliability of Dr. Bemis's guesses, take the case of the Northwestern elevated. Dr. Bemis estimates the cost of the structure, etc., at $325,000 per mile, and allows about $325,000 for right of way. Yet in the reorganization proceedings of the road it was shown that over $6,000,000 in cash had been expended on the proposed eight miles of road, and that nearly $3,000,000 more would be needed to discharge all debts and put the road in running order. This is an example of a road being built at the present time, and the cost is not $650,000, but over $1,000,000 per mile. However, the gentlemen of the negative probably consider this but a trivial error.

But still upon this unfair basis, allowing 4 per cent. interest, and taking 7½ per cent. depreciation as before on the physical plant, we still have a deficit of over $200,000, with no provision for the legally required 5 per cent. sinking fund, in fact not the remotest prospect of ever liquidating the purchase bonds.

Extraordinary as this result may seem, it is easily explained by the fact that the elevated roads, the cost of which was $32,000,000, and a large number of small surface roads, which cost over $16,000,000, are scarcely making operating expenses, even under private management. It is true that two of the roads have been very profitable, but the profits of these fall far short of the profits necessary to pay interest and depreciation on the cost of all the roads in the city without considering the required sinking fund.

But in our discussion thus far we have assumed that the cost of operation will remain the same. But will it? It is an undeniable fact, as proved by my colleague, that even though ap-

CHART IV.—*Annual loss, paying but cost of duplication.*

COST OF DUPLICATION.

North Chicago	(Harlan Report, p. 306)	$6,035,729
West Chicago	(Harlan Report, p. 306)	12,506,184
Chicago city	(Harlan Report, p. 306)	10,316,320
[1] Minor and cross town roads. (See Bemis, Ill. Labor Rept. 1896. p. 58)		8,685,000
Elevated roads—Cost of construction		16,444,250
Cost of right of way	(See Labor Report, p. 621)	16,788,750
Total cost		$76,842,433 .04
Interest at 4 per cent		$3,073,697
Depreciation—7½ per cent. on	[2] $55,083,683	4,031,276
Total fixed charges		$7,104,973
Amount net receipts		6,846,048
Amount deficit		$257,925
Legally required 5 per cent. of sinking fund (5 per cent. of $76,842,433)		$3,842,121
Total amount deficit		$4,100,046

[1] This estimate includes roads built since 1896.
[2] Cost of duplication less value of real estate.

pointments, removals and promotions are made on a basis of efficiency only, still, owing to the deterioration in the efficiency of the labor unit, a municipality pays higher prices for poorer service than does any other employer of labor. The reason lies in the fundamental differences between a private corporation and a municipality, the one being organized for purely economic, the other for political purposes. The one vests the entire direction of its affairs in a small board of directors, themselves owning a large part of the stock. These men are vitally interested in the success of the undertaking, as it means to them financial loss or gain. Whatever it may be in theory, the board of council representing the other is in practice generally a partisan political body, responsible to over two millions of constituents, and therefore to none. The first may assume all the risks involved in a far-sighted development and extension of the system. The powers of the second are limited. For all plans of improvement necessitating great expenditures must be decided by the people themselves, directly or by their representatives in the council. Politics will inevitably enter into their decisions. The servants of a corporation are capable and attentive to duty, made so by the strictest discipline and careful superintendence. The

servants of the municipality are lax, wasteful and extravagant, discipline is loose; responsibility is nowhere. Throughout the entire service runs the idea, do the least possible, the city can stand it. As long as there exists these inherent differences in nature, purposes and motives, the administration of municipal affairs can never realize the efficiency obtained by private corporations.

With the effectiveness of management decreased comes a decrease in the efficiency of the laborer and a deterioration in the character of the service rendered. The effectiveness of the labor unit decreased, more men must be employed to render the same service, with a consequent increase in the pay-roll and the cost of operation. In the United States postal department, in which civil service has reached its highest development, the present pay-roll could be reduced one-third by the economical management of a private concern. Says ex-Postmaster-General Vilas: "The United States postal department run by a private corporation could give as good service, a penny postage, and still make money." It today has an annual deficit of millions. The creation of sinecures, the employment of supernumeraries and the still grosser forms of padding the pay-rolls, are the inevitable adjuncts of municipal management everywhere. To illustrate this, and the general inefficiency of labor under municipal operation, turn to Philadelphia. A legislative investigation disclosed the fact that one-third of the men employed could have made all the gas needed in Philadelphia, yet to make 65 per cent. of the gas actually delivered, it was found that all the men on the pay rolls could not stand shoulder to shoulder on all the property of the plant. That while private companies paid on an average seven cents per thousand for labor, Philadelphia paid from twenty-one to twenty-nine cents.

But to cite illustrations right in Chicago, an ex-superintendent of parks, in a personal interview, said: "I could have done all the work required of me at any time with one-half of the men I had if they had not been city employes. An investigation a short time ago in the water-pipe extension department, showed gross abuse of this kind. Laborers were certified to the pay roll for days, doing no work whatever."

Further consider the influence of the street railway vote. This vote would number at least 25,000. And if an influence of one each over relatives be assumed, we shall have a voting strength of 50,000, sufficient to swing any election in Chicago. Politicians would bid for this vote. Higher wages and shorter

hours would become the issue in city elections. In Australia, under government ownership, the evil became so great that the Sydney Herald advocated either the abolition of state railroads or of the right of railroad employes to vote. That the possibilities for political power are realized by labor leaders is shown by a remark of President Doyle of the federated trades council: "The reason why I should like to see municipal ownership and operation is in order that labor may find an opportunity to show its power." The eight hour law would undoubtedly be extended to the street railway service, but this alone would increase the cost of labor one-third.

With the increase in the labor item, by reason of the deterioration in the effectiveness of the labor unit, by the application of the eight-hour law, and on account of the padding of the payrolls, the cost of operation would be vastly increased. With the cost of operation the same, we have shown an enormous deficit unavoidable, and with this cost increased must come a corresponding increase in the deficit.

Then, too, contracts for millions of dollars must be let each year for the purchase of supplies and new construction; and no one can for a moment claim that the city is as cheap a buyer as a private corporation. In the city of Chicago today certain favorite contractors receive the work at exorbitant rates. The law providing that all contracts above $500.00 be let to the lowest bidder is avoided by letting to one contractor eight or ten contracts for the same job, each for a little less than $500.00. And if a contract is accidentally let at reasonable rates, the work, in contractor's parlance, is "skinned" to make up for it. A prominent contractor of Chicago told me confidentially that he had been twice approached by city officials with a proposition to take them in as silent partners, they agreeing to obtain the city work at good big rates.

In a report of the real estate board, December 8, 1898, it was shown that the city of Chicago pays 40 per cent. more for work than does any other city. Prominent business men in interviews stated that a private person could obtain the same work at from one-half to two-thirds the rate paid by the city. To illustrate: A prominent business firm paid by special assessment to the city as much for the laying of a wooden block pavement in front of their place of business as they paid to a private contractor for the construction of an asphalt alley containing twice as many square yards. In Philadelphia it was shown that private parties paid from thirty-five to fifty cents less per ton for

coal than did the city. The fact that the postal department, under the strictest civil service, pays an annual rental for mail cars greater even than their actual value, shows that the merit system does not strike at the root of the evil. Whatever civil service be introduced, gentlemen, you cannot legislate out of a man's mind the idea that it is permissible to bleed the city whenever occasion offers.

And the negative must not forget that by changing the form of ownership they are not changing human nature; that the contaminating influences of the present corrupt conditions in Chicago must react upon their system, and if contracts are let today at exorbitant rates to favorites, by men appointed on a basis of efficiency only, the same must also happen under their system.

If the city pays more for supplies and construction, as is certain to be the case, the cost of operation must still further increase, and our deficit, already a crushing burden, will grow larger and larger. Indeed, it is extremely likely, judging from Chicago's past experiences that, on account of lack of foresight, mismanagement, extravagance, and the general laxness of municipal methods, the cost of operation will exceed even the entire gross receipts. In our discussion we have assumed that the receipts remain the same. That they will not increase very rapidly, at least, is shown by the following chart:

CHART V.— *Showing gross receipts of road.*

	1895.	1896.	1897.
Chicago city	$4,476,954	$4,808,866	$4,816,516
North Chicago	2,780,487	2,913,710	2,911,554
West Chicago	4,201,477	4,018,948	3,899,916
South Side Elevated	739,794	766,616	701,425
Metropolitan Elevated, not operated 1897.			
Lake St. Elevated	517,304	513,668	579,960
Chicago General	82,082	96,251	79,821
Total	$12,796,968	$13,178,059	$12,989,192

Accurate statistics for some of roads not obtainable. Authorities — N. Y. Commercial and Financial Chronicle, Economist, Books of companies, and Chicago Directory and Investors' Guide,

We have time for only a cursory review of service under municipal management. Though an acknowledged fact that the municipalities cannot get the ablest men to serve them, let us assume for a moment that by a salary entirely disproportionate to that

paid other city officers, the city has induced a Bowen or Roach to assume the management of the system. But even then, in spite of the fact that the manager is appointed on a basis of efficiency only, disagreements are bound to occur between the manager and the governing board or council. The manager, with his keen foresight, will plan far into the future; the board caring only for the financial showing for the year will veto his plans. The success of a business of such detail as the operation of a street railway system depends upon the management. Said President Bowen in a personal interview: "In the operation of a railroad the manager must be allowed the fullest discretionary power. The failure to seize offered opportunities of the moment, miscalculations here, extravagance there, or carelessness anywhere would turn our dividends into deficit assessments."

But, gentlemen, however efficient the governing board, however capable the manager, as my colleague has shown, still the development and extension of the system will will be as it is to-day, in the hands of the common council of Chicago. This worthy body, with Johnnie Powers as its leader, has absolute charter control of the streets of Chicago. No matter how the gentleman may theorize, this common council will be the grantor of every privilege in the streets, of the city and the real maker of all extensions. The question of street paving, of sprinkling, of removing snow, of stringing wires, of re-laying tracks, are questions over which this body has full jurisdiction. What then has been gained? The common council in spite of any provisions of the negative will absolutely control the entire system. Extensions will only be made at the dictates of this body according to the demands of politics. The whole system, in spite of the gentlemen's clever theorizing, will be run as a gigantic vote catching scheme by the common council of Chicago whose character needs no comment.

Time will not permit a further discussion of the question of service under municipal management. My colleague has already shown you that under the best civil service attainable no government has ever equalled in excellence the service given by a private corporation.

An impotent management and an adequate and unsystematic extension of transportation facilities surely cannot result in better service than at present. And, when we consider that Chicago has been unable even in those departments where satisfactory civil service exists to obtain desirable results, how dare we hope a favorable solution of such a gigantic problem as the negative proposes?

SUMMARY.

To review our arguments: In our debate this evening we have shown that under the present method of ownership and operation has been built up in Chicago the greatest and most widely extended street railway system in the world, with fares as low, and with service as excellent as can be found in any city. We have shown that by a policy of liberal extensions, vast real estate values have been created and an invaluable service rendered to the city by distributing population over a greater area.

We have shown that the large surface lines pay to the municipality in various forms a compensation equal to 10 per cent. of their gross receipts, and that the present situation is certain to result in a largely increased payment to the city. We have proved that there is no desire for municipalization among the people of Chicago, but that it is this question of compensation which has created the street railway problem of Chicago, and that with its settlement the entire cause of the present agitation will be removed.

But, granting that the negative has shown serious evils in the present conditions, they must prove to you that their theory in actual practice will prove the remedy. To do this they must present evidence of its practical success elsewhere.

We have shown that municipalization is, in the United States, an untried experiment; that both the New York and Massachusetts legislative committees, after a most thorough examination into all the facts, took a decided stand against the municipalization of street railways; that, according to Dr. Shaw, nothing practical can be gained from European analogies on account of the difference in conditions; and that even conceding their application, the dollar a day wages, six-cent fares, and bob-tailed cars of Great Britain are hardly to be desired by Chicago.

But, gentlemen, even if the negative could prove municipalization in general a success, their task is but begun, for they must show that their plan would operate successfully in Chicago, and we must remember, too, that it is not in an idealized Chicago, but in the Chicago of to-day, that their experiment is to be tried.

The city, which, under a system of civil service, where appointments, promotions and removals are made on a basis of efficiency only, has spent $32,000,000 in eight years on pavements, and is to-day the worst paved city in the world; the city that wastes over a million dollars annually on garbage disposal and street

cleaning, and still literally reeks with filth; the city that supplies its inhabitants with foul and unusable water at exorbitant rates; that in its puny attempts to light itself, pays fifty dollars more per lamp than is charged by private companies; the city whose police department is run, not for the suppression, but for the protection of vice; and whose administration of justice is a miserable farce; the city whose leading business men conspire with assessors to rob it of its just revenues; whose contractors, with the connivance of higher officials, obtain extravagant prices for dishonest work; and which chooses as its representative council a body one-fourth of whom are saloon keepers and gamblers, with eight of these law-breakers as the chairmen of its most important committees. Into the hands of this city, which has so miserably failed in the discharge of its municipal functions; which to-day is one of the most corruptly-governed cities in the United States, the negative would place the control and management of properties worth over $141,000,000. And, gentlemen, if, as we have shown, under the most perfect conditions attainable, government service has never equaled in excellence that given by private corporations, what dare we hope from this city which has never done anything well?

We have shown that, notwithstanding the provisions for removing their system from politics, the common council of Chicago, by virtue of its charter power over the streets, will have in its hands the future extension and development of the street railway system; that this admittedly incapable and corrupt body will, under the negative's system, as well as now, grant all permits, rights of way, and extension privileges; that the same friction existing now between the council and the private owners will take place under their system between the council and the managing board; and that far worse, by the artifices of politics, the common council would in time dominate the entire system.

But, gentlemen, even conceding absolute perfection in the operation of their system, we have proved that the assumption of the roads by the city would lead to certain financial disaster. We have shown that in the absence of specific franchise provisions, and considering the magnitude of vested interests, the market value is the only fair compensation. And, quoting the opinions of the very judges who would decide the question, we have proved that the assumption of the gigantic debt of over $141,000,000 is one of the necessary conditions of municipal ownership in Chicago. That with the cost of operation the same as at present, the enormous annual deficit of over $2,800,000, at the very least, is

inevitable, without considering the legally required sinking fund. We have demonstrated that the cost of operation is certain to increase under municipal management, with a corresponding increase in the deficit. And even upon the unfair basis of the cost of duplication only we have shown a deficit of over $200,000 as inevitable, with no possibility of ever paying the original purchase bonds.

Gentlemen of the jury, when you consider the almost certainly poorer service, the increased opportunities for corruption, the added powers of the council, the enormous financial obligations entailed upon the city, when you recall the miserable administrative failures of Chicago, and when you remember that fares to-day are low, service is good, and that all difficulties in regard to compensations are approaching a settlement, will you not say with us that the present system of private ownership and operation is not only infinitely more preferable, but that the untried experiment of municipal operation would be absolutely detrimental to the best interests of the city.

EMERSON ELA, PHILOMATHIA.

We assume, Honorable Jurors, that if we prove municipal ownership preferable for Chicago, we need prove its expediency for no other city on earth.

Our opponents of the affirmative insist upon arguing this question on the basis of present conditions in Chicago. They ingnore the question as it is stated, and in the inquiries submitted by them to Chicago citizens they ask for views on municipal ownership and operation under present conditions. Honorable Jurors, we of the negative are not advocating municipal ownership under the present conditions, but under the conditions provided in the question for debate. The question must be accepted intact, with all its concessions as submitted, and it is beyond the scope of the affirmative's power to declare any part of the question changed to suit their convenience.

The affirmative have attacked our estimates, but we ask you to compare these estimates with those presented by the affirmative.

The affirmative claim that the city will have to pay four per cent. interest on the debt incurred, yet they failed to cite one single authority to support this position. On the other hand, our estimate of 3 1-2 per cent. interest on bonds has been declared the maximum by every authority whom we have interviewed, including A. O. Slaughter & Co., N. W. Harris & Co., the National Bank of Commerce, and the Chicago National Bank, which purchased the last block of Chicago city bonds.

The gentlemen of the affirmative differ with us on cost of purchase, and again they ignore the question as stated. The first concession of the question declares "that the transfer can legally and constitutionally be made, and at a fair compensation." This contemplates a condition in which the franchises are at an end; the rights of the companies to the streets are wound up, and the city has the privilege of purchase at a fair compensation. We are supported in this view by justices of our supreme court, and by eminent members of the bar. Then, what is "fair compensation?" Our opponents claim that market price is "fair compensation," and they have quoted the curbstone opinions of Judge Showalter, Judge Jenkins and Judge Woods. Against these we balance the written court opinion of Mr. Justice Brewer, announced in the case of National Water Works versus Kan-

sas City (62 Federal, 853). In this opinion Justice Brewer holds that "fair compensation" is cost of duplication. The affirmative then, have exaggerated by 100 per cent. the cost to the city, and they have taken 4 per cent as the interest rate, while 3 1-2 per cent is more than liberal; therefore, their estimates, which seek to prove a losing business, cannot stand.

These facts, and all others bearing on this discussion, must be considered in their application to Chicago. Applying this rule, my first colleague showed to you that, because of the number of companies operating, the public is unsatisfactorily served, particularly in arrangement of routes and transfers. That on account of the great private interests at stake, depending as they do on a public franchise, these present companies are sources of demoralizing corruption and bribery that are a menace to honest government. We showed, further, that the only possible remedy for these faults is in public administration of the street railways.

Then, assuming that the income from these systems will merely continue at its present amount, though in fact the earnings are increasing daily, my second colleague showed to you that municipal ownership is demanded by every financial consideration.

The only question now remaining is: Can the city of Chicago, under the conditions provided in the question we are debating, successfully operate these great street railway systems?

Upon what sort of evidence are we to determine whether Chicago can successfully operate her extensive street railways, all appointments, promotions and removals being made on the basis of efficiency? Clearly this is a special question, provided with special conditions, and general municipal success or failure will not be sufficient to establish or condemn the system we are advocating.

The experience of Great Britain invariably shows that municipal ownership and operation is eminently successful as compared with private ownership and operation in Great Britain, yet the conditions surrounding municipal government there are so different from those in Chicago that no fair comparison can be made, and we give little weight to this foreign experience in this debate.

In America there have been no important precedents in municipal operation of street railways. Yet the almost universal success of water works and lighting plants under public administration is acknowledged. The experience of "hundreds of cities now operating their own public utilities in one form or another prove that the question of the wisdom of municipal ownership has passed out of the domain of problems."

Yet even this almost universal experience has little weight with us in this discussion because our question is purely one of expediency, since it involves a specific city and provides for municipal operation under special conditions.

Even Chicago's own experience may be of little value to us. Chicago's fire department, publicly administered, is the most complete and efficient in the world, and her park system is admirable. From a municipal water works plant Chicago furnishes her citizens with water at a cost of from 8 to 10 cents in the meters, and in addition grants 15 per cent. discount on water bills promptly paid, while other cities charge 25 to 50 per cent. higher and give no discounts for prompt payments. The quality of water furnished is the best possible under the present sewerage arrangements. In spite of the extravagant statements of the affirmative, no sane-minded Chicagoan would think of allowing private parties to administer the water works to-day.

More recently Chicago has established an electric street lighting department. The yearly cost per lamp to the city is steadily decreasing, and Mr. Ellicott, chief of this department, states that "when the total number of lights are in operation the annual cost will not exceed $70 per lamp," whereas the city now pays private companies $107.50 per lamp. This justifies the opinion of disinterested electricians and engineers that the lighting is efficiently managed and business principles are observed in the maintenance of the force. Important as is this local experience in showing the general feasibility of municipal undertakings, yet even this evidence, ordinarily conclusive, seems insignificant when you consider the special conditions governing the policy of municipal ownership and operation of street railways provided in our question.

In not one of the cases of municipal operation to which we have referred does there exist such a condition as is provided in our question, namely: That all appointments, promotions and removals shall be made on the basis of efficiency only.

But not alone out of the success of municipal operation of public works, but also out of its most glaring failures, do we make strong the system we advocate.

Let us take two examples of this kind. First, the wretched street-cleaning department of Chicago, and, second, the notorious gas-ring of Philadelphia. Let us examine them closely. If we find that there are patent causes for these failures, and that these causes are not inherent in municipal administration, we must admit that, where these causes are eliminated, the success and economy of municipal operation would be assured.

All students agree that one great cause of extravagance in performing public work is the contract system.

In economy of cost and cleanliness of thoroughfares the boulevards of Chicago, where all work is done directly by the park boards, when compared with those of her streets where the work is done by contract, show the most marked contrast. One is economical purity, the other is high-priced filth.

That extravagance in municipal administration is due to the contract system is further shown by these statistics. By contract street cleaning costs Chicago $13.60 per mile. By direct employ and contract street cleaning costs $10.26. In other words, the cleaning by direct employ of about one-third of the streets saved to the city $3.34 per mile on 16,167 miles cleaned in 1896.

That extravagance in public administration is due to the contract system, and that direct employ is economical and satisfactory is still further shown by Boston in street sprinkling and in building her great sub-way; by the admirable and economical street cleaning by direct employ in New York city and Toronto, and this bulletin of the United States department of labor, covering the chief cities of the whole United States, traces extravagance to the same source.

Honorable Jurors, no city can deal advantageously with the representatives of corporate interests, when it comes to making contracts.

This chief source of extravagance and abuse in municipal administration is removed from this discussion, because the city will do every detail of operation by direct employ, and failure in Chicago, or in other cities, due to this cause, cannot be urged against our system.

What was the fault in the management of the Philadelphia gas plant? It was not in higher rates nor in poorer gas than would have been provided under private ownership. The fault was that it fell under the control of a powerful political ring. A ring begotten and fostered by the spoils system, and that made itself almost invincible by an unholy alliance with the street railway companies. In every department of the city government, any one who asserted his right to vote as he pleased was promptly dismissed. Boss McManes even held the pay rolls under lock and key. But McManes did not confine himself to the spoils of municipal administration. To strengthen his position he bought up the street railways of Philadelphia, and thus vastly increased the number of men whose political ideas he dictated. Would these manipulations have been possible under a system in

which employes of public works were assured their positions during efficiency? In this letter to us, under date of October 5, 1898, Hon. James Bryce, who has so fully described the ring's work, says: "Mr. McManes and the gas ring of Philadelphia could not have ruled as they did if there had been in Philadelphia a municipal gas system, with a service chosen solely for merit and retained so long as efficient."

There can be no doubt that the abuses of public administration are due to these two causes: First, doing public work by contract; and, second, the appointment and removal of employes for political reasons, regardless of efficiency.

Bear in mind these two propositions, please, while we state our system of operation, conceded to us in the question, and you will see that not only one, but both, these causes are removed from the system we advocate.

Our system, then, is, that municipal ownership and operation of the Chicago street and elevated railways shall be free from state legislative interference; that *all* appointments, promotions and removals shall be made on the basis of efficiency only; and that such a system would be preferable to the present system of private ownership and operation.

Is it possible under such a system, safeguarded on every side against the evils I have pointed out to you, to secure a successful, economical, business administration?

Our system provides that every position, from the general manager down to the lowest employe, shall be obtained for efficiency, shall be held during efficiency, and that every promotion shall be made for merit only.

Consider what this means. The fact that the head of the street railway department is appointed for and holds during efficiency guarantees to the system a thorough business management from the start.

Compare with private operation the results of such public management in which the manager is appointed for and holds during efficiency. It is like the management of railroads by the courts, through the medium of a receiver. The receiver is a business man, whose position is assured until he abuses his trust. He usually has no financial interest in the undertaking. The systems then are identical, though their sources be different. Said Judge Dillon: "The railroads in the hands of the courts have all been run with less expense, and have made more money than when they were operated by the companies." A very recent statement by A. O. Slaughter & Co., concerning the Wisconsin

Central Railroad, reports that "under the receivership the road has been greatly improved, and the possibilities of economical operation are greater than ever before." Many similar examples emphasize and demonstrate the fact that far more efficient management will be secured under the system we propose than is possible under any system of private operation.

Again, Honorable Jurors, not only is the manager's position assured during efficiency, but every subordinate, from chief clerk down, obtains his employment by ability and enjoys full security of tenure so long as he is efficient.

All appointments, promotions, and removals on the basis of efficiency only! It is immaterial, and foreign to the question, who appoints, removes or promotes either employes or manager, since the question declares, that this shall be the state of affairs, when the municipal system of the negative is inaugurated.

A great political machine? Nothing could be further removed from politics and political influence than the municipal ownership and operation we are advocating. The members of a permanent civil service would have no motive for interfering in politics.

Compare our system in this respect with the present system defended by the affirmative. The positions of street car employes in Chicago to-day depend upon their political views. These men must do the dictates of their employers and of the ward boss, and must exert themselves even to return corrubtible aldermen to the council, or yield their places to others.

This is done in spite of the Australian ballot, and in two perfectly obvious ways: First, in return for his vote on a franchise ordinance, the street railway companies give a certain number of positions in their force to the alderman, to fill by appointing his own political constituents. It is needless to say that the street car employes thus appointed will, in gratitude to their benefactor, the boss, vote as he dictates.

Second, the street car companies coerce their employes and maintain the worst kind of ring rule possible. At the time the Gallagher ordinance for a four-cent fare was before the city council, the Chicago City Railway Company threatened their employes with a sweeping reduction in wages if the ordinance passed, and these employes presented to the council a memorial, praying for the defeat of the ordinance.

Gentlemen, "Johnny" Powers of the 19th ward controls more positions on the pay rolls of Chicago street railway companies than any spoilsman ever controlled on the pay rolls of any city.

Philadelphia is a case in point. As we have said, McManes strengthened his position there by buying up the street railway lines, and in his letter to us Mr. Bryce declares that, "If the employes of the street railways were wholly free from political influence, the main source of the ring's power would have been cut off."

Moreover, this provision for appointments, promotions and removals, by entirely divorcing our system from politics, improves the service, and increased economy of operation must inevitably result.

Such are the improved conditions under which our system will operate. That economy of operation will result therefrom is so evident that we need not dwell upon it.

Yet there are special economies in the municipal operation we advocate which can be reduced to actual figures; economies aggregating millions of dollars annually saved under this municipal operation.

We might point out the vast amounts spent annually by the present companies in litigation over franchise privileges, the enormous costs of high-priced lobbyists and lobbying, and the many wastes of private operation known only to the officials of these roads. But, on account of their enormity, these great extravagances cannot be estimated, and we simply ask you to notice that they will be saved by municipal operation.

The nineteen distinct companies in Chicago to-day are managed by thirty-eight distinct and separate salaried officers. Such eminent authorities as C. B. Evans of the Economist, and Vice-President McKeon of the Commercial National Bank, formerly receiver of the Calumet Electric Railway, declare that five efficient men would more thoroughly administer our consolidated system than do the present thirty-eight men. These same authorities tell us that $8,000 is a conservative average salary to each of the present officers. Allowing the same salaries to the officers of the municipal system as are paid present officers, we save the salaries of thirty-three men. By municipal operation we save, in salaries alone, thirty-three times $8,000, or $264,000. Again, Honorable Jurors, this chart shows the annual saving in fixed charge, under municipal operation. The annual fixed charge of the three large surface lines we have taken from the Harlan report. The fixed charge of the elevated and the minor surface lines we have taken from the financial statements of each company in the "Economist Investor's Manual" of 1898. They are the amounts actually paid by these companies as bond inter-

est and rentals in 1897, on the mileage that the city will purchase. The totals show that under the present system the annual fixed charge is three million six hundred eleven thousand and forty-seven dollars ($3,611,047). Under our system, assuming that the city will issue bonds for the entire cost of the lines, the total fixed charge at three and one-half per cent. will be but $2,624,675. This gives a net saving in fixed charge by municipal operation of $986,373.

In only two items, then, namely, officering and fixed charge, our municipal system will actually save $1,250,373.

CHART No. 8.—*Saving by municipal ownership.*

I. IN FIXED CHARGES.

Company.	Cost of duplication.	Fixed charge.	Interest at 3½ per cent.	Saving.
Chic. City Ry.....	$11,772,505	$207,878	$412,038	.....
No. Chic. Street Ry...	5,881,678	481,620	205,858	.....
W. Chic. Street Ry...	13,384,889	1,060,715	468,471	.....
Minor Ry's.....	8,680,000	554,338	303,800	.....
Lake Street Elevated.	4,215,536	291,797	147,444	.....
Met. W. S. Elevated..	15,863,900	750,000	555,236	.....
So. Side Elevated.....	10,616,783	33,750	371,587	.....
Union Elevated.....	4,212,000	210,600	147,420	.....
Union Con. Elevated..	366,300	20,350	12,821	.....
Total	$74,993 591	$3,611,048	$2,624,675	$986,373

II. IN OFFICERING.

Officers.	Number.	Salary.	Total.	
At present.....	38	$8,000	$304,000	.....
Under Mun. Own'sh'p	5	8,000	40,000	.....
Saving	33	.....	$264,000	$264,000
Total saving by Mun. operation.	.....	.....	.....	$1,250,373

About 12 per cent. of present cost of operation will be wiped out by municipal operation.

In face of such facts, substantiated by figures from unimpeachable authorities, our charges of extravagance under the

present system, and our claim of more economical operation under our system, must receive your approval.

Honorable Jurors, upon us rests the responsibility of showing:

First—That there are evils in the present system which demand a remedy.

Second—That the municipal ownership we advocate will remedy these evils; and,

Third—That municipal operation will be expedient and practicable.

First, Honorable Jurors, have we not shown existing and inherent evils in the present system? We have shown the utter lack of unity under the present system of private ownership. We have shown that by the peculiar arrangement of three surface and three elevated companies, whose lines center in the downtown district, continuous transportation for one fare, through the heart of the city, is a total impossibility.

We have shown that the same is true of the present wretched arrangement of eleven cross-town feeder companies, by which two or even three fares are extorted from passengers to the downtown districts. The street railroad system, which should be a unit, at present actually consists of nineteen separate companies, which make unnatural breaks in transportation, enabling them to charge excessive fares.

This lack of unity is an evil far reaching in its effects, but we have shown still another evil, of such moment that this pales into insignificance.

We have shown that the present private system, by stealth and treachery, directs incessantly at aldermen and legislators a corrupting force which is so destructive of honesty and honor in municipal and state governments that it admits of no defense. Call it bribery, or call it blackmail, the fact remains, that the evil does exist and is inseparable from the present system which the affirmative must sustain.

Second, Honorable Jurors, have we not shown that municipal ownership will furnish an immediate and sure remedy for these evils?

We have shown that under municipal ownership the nineteen individual companies will be changed to a unified, consolidated system under one management.

We have shown that extortionate fares will be changed to reasonable fares, by giving transfers between the downtown lines of the north, south and west sides, and by giving transfers between these three main lines and the large number of cross-town feeder lines.

Again, Honorable Jurors; we have shown that in place of the present system of private interests and greed, dependent upon a public franchise, and in place of its $75,000,000 motive for corruption, municipal ownership substitutes a system in which the people are themselves proprietors and are seeking their own welfare. With the motive and the briber removed there can be no bribery.

Third, and last, Honorable Jurors, we have shown that municipal ownership is financially expedient and that operation is thoroughly practicable.

We have shown, from universal practice and the highest authorities, that market price is no criterion of value on which to base fair compensation, and that the only basis is cost of duplication.

We have shown, on the basis of past and present earnings, that the city will pay for the three main surface lines in eight years, and in the astoundingly short space of fourteen years Chicago will, from earnings alone, pay for the entire system of surface and elevated lines. We need not here repeat that it will then be possible to furnish rapid transportation at actual cost of operation, a rate impossible under the present system.

And, finally, Honorable Jurors, we have proven that under the third concession, which is a part of the system we advocate, the city will operate far more economically than do the present private companies.

The two causes of failure in municipal administration, namely, the contract system and the spoils system, are eliminated from our system, and under such conditions failure is absolutely impossible.

In fact, Honorable Jurors, we have shown, from familiar examples of the receivership, that public operation, under an efficient management and with an efficient force as is conceded to us, is always more economical than private operation.

In our debate, Honorable Jurors, we have merely sought to show that under our municipal system, which concedes a perfect management, the interests of Chicago citizens will be better protected than under the system of private ownership that exists in Chicago to-day. It is not necessary for us to show municipal ownership and operation perfect, but simply preferable to the present system.

We have shown, Honorable Jurors, the inherent evils of the present private ownership and operation.

We have shown how this conglomerate present system, with its

extortionate fares and indefensible corruption of officials, will be remedied by municipal ownership and operation.

We have shown that municipal ownership is financially expedient, and that operation, where all appointments, promotions and removals are on the basis of efficiency, as is conceded to us, will be eminently successful.

Considering all these facts, Honorable Jurors, must you not conclude that municipal ownership and operation, as advocated by the negative, is far preferable to the present private ownership and operation in Chicago.

JOSEPH LOEB.

THREE MINUTE REBUTTAL.

Gentlemen:

First as to the negative's facts regarding dividends and watered stock: No amount of mere assertion that stocks are watered will ever prove such to be the fact, and the negative have done little more than assert and support their assertion by those of such socialistic authorities as Prof. Bemis and George Schilling. It is true that the capitalization of most of the roads is above their construction cost. It could not be otherwise. Every change of motive power has occasioned an increase in capital, every substantial improvement, every risk on experimentation has drained the companies' funds.

The negative claiming that, in the replacement of the old horse and cable lines by the new electric, there should be but little added to the capitalization, forget that immense sums had to be spent in experimentation before the electric road was an assured fact and once so assured that the horse and cable lines represented practically valueless properties. Refuse rewards for money so spent and you encourage the keeping of the old horse lines; you discourage all experimentation; you discourage all improvement,—all change to better motive powers and to better service. The surplus of capitalization over construction cost represents a perfectly honest, legitimate and beneficial investment, productive of the best results in the interests of the city's rapid transit.

Secondly, gentlemen, as to the negative's system of managing their municipalized lines. How are they going to run them? Is their control to be given into the hands of a board, or of a city department, or is the council to have direct and absolute control? The negative have been strangely silent about this, one of the most vital points in the problem. Realizing the dangers in any form of municipal managament they have discarded all and find themselves advocating a general principle of municipal control in a particular locality without having advanced any specific scheme of municipal management. Whatever scheme they might propose, be it that of control even by a supposed non-partisan board, honestly appointed, this difficulty confronts them,—that such board must go to the common council of Chicago, the most corrupt city council in the nation, and bargain and compromise and make deals whenever an extension of track, or a

new pavement, or more wires, or a change in motive power is deemed necessary. For the common council has control over the city's streets, the common council, with Hinky Dink and Bath House John and Brennan, and many like them in power, has the power to give or withhold permission to extend lines and make street improvements. What pretexts would not be hatched to prevent such extension or improvement till aldermen's objections were soothed in the devious ways known only to such aldermen. Their objection, with the other that a non-partisan board is practically an impossibility, holds against all systems of municipal management by board. But the gentlemen have not considered a management necessary and would control and run successfully the greatest street railway system in the world, the only definite controlling power being the common council of the city of Chicago.

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The question being limited to Chicago, entailed upon the debate a study of local conditions. The city report and records, council proceedings, the files of the newspapers, and numberless interviews with interested citizens, were the principal sources of information. Chicago newspapers, on account of their intense partisanship and love of exaggeration, are of little value as authorities.

The Hooker collection of pamphlets on Chicago in the John Crerer Library, in Chicago, contains all of the pamphlet literature written on the Chicago street railway controversy. A fairly complete collection of these pamphlets has been made by the debaters, and presented to the library of the University of Wisconsin. Through the kindness of the owners, the debaters also obtained access to the clipping collections of Mr. Hooker, President Doherty, of the Northwestern Electrical Association, The Street Railway Review, and the Western Electrician.

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Cleveland.....1895
Baltimore.....1896
Louisville.....1897
Indianapolis.....1898

In the reports of these conferences are to be found some of the best contributions to the literature of Municipal Government.

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Each year reports of the Municipal conditions of all the leading cities are presented.

The question of Municipalization was discussed at the conferences in 1896 and 1898.

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Municipal Government in Great Britain. Dr. Albert Shaw.

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These are the best general works on foreign municipal governments.

MISCELLANEOUS.

The Independent, May 6, 1897, published what might be called a municipal ownership number, containing a discussion pro and con of the question of municipalization.

The United States Labor Bureau, with Carroll D. Wright at its head, is at present engaged in a very exhaustive investigation into the subject of municipal electric light, gas and water plants.

The Annual Reports of the Detroit municipal lighting plant are important and interesting to the student of the question of municipalization.

Prof. John Gray, of Northwestern University, has a very complete set of pamphlets and articles bearing on this subject, being himself the author of a number of magazine article on the question.

The most prominent magazine and newspaper writers on the question of municipalization are the following:

Favoring municipal ownership —	Opposing municipalization —
Altgeld, John P.	Curtis, Wm. E.
Bemis, E. W.	Foote, Allen Ripley.
Baker, M. W.	Francisco, M. J.
Commons, John R.	Foster, Horatio.
Grout, E. M.	Higgins, E. E.
Loomis, Frank W.	Porter, Robt. P.
MacVicar, John	
Parsons, Frank.	
Perrine, F. A. C.	
Pingree, Hazen V.	
West, Max.	

The reports of the Massachusetts Board of Gas and Electric Light Commissioners, are exceedingly important.

Massachusetts has progessed further than any of the other states along the line of a regulation of public monopolies.

CURRENT LITERATURE DEVOTED TO MUNICIPAL GOVERNMENT.

The leading papers devoted to municipal government and municipal reform are the following:

Good Government. Official Journal of the Nat. Civil Service Reform League. Pub. monthly, New York. $1.00 per year.

City and State. Pub. weekly, Philadelphia, 1305 Arch St. Herbert Welsh, editor. $1.00 per year.

Municipality and County. Monthly, 202 Main St., Buffalo, N. Y. J. Henry Wood, editor. $2.00 per year.

Municipal Affairs. Quarterly, 52 Williams St., New York. Pub. by New York Reform Club. First number issued March, 1897.

Other periodicals containing interesting matter on the question under debate are:

Street Railway Review, Chicago and New York. A monthly devoted exclusively to Street Railway Interests.

Street Railway Journal, Chicago and New York. Also devoted to Street Railway Interests.

Western Electrician, Chicago. Has in the past given much space to the discussion of Municipalization.

The replies to the several thousand letters written by the debaters, will be kept on file in the library of the University of Wisconsin.

Among these are letters from the greater number of English and Continental cities in regard to the street railway problem; letters from prominent citizens throughout the United States, giving their ideas on Municipal Reform, and responses to a general circular letter, giving a set list of questions, relating to Municipal Conditions.

W. S. K.

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FOR PARTICULARS, ADDRESS....

J. N. PURCELL,

MADISON, WIS.

(From Daily Cardinal of April 26, 1893.)

The forthcoming history of the university and its alumni, edited by R. G. Thwaites, will open with a sonnet in commemoration of the fiftieth anniversary, contributed by Mrs. Mary Adams. Next will follow a short preface by President Adams. The story of Madison, in five chapters, by Mr. Thwaites, will be given next. This story is more properly a sketch, drawn in detail only insofar as it furnishes a setting for the university, so that it may appeal to any desiring to move here with their families to educate their sons and daughters. Then will follow the main substance of the book—that which sets forth the object of the work; namely, the history of the university in fourteen or fifteen chapters. This history will extend to the close of the present legislative session and will be absolutely accurate in every detail. All the manuscript will pass through the hands of the university authorities and receive their sanction before being sent to the publisher.

A sketch of the setting of the university by Professor W. H. Hobbs, will be included here. All departments will be exhaustively treated and illustrated by cuts of the various scenes about the institution. Dr. Elsom will have the preparation of the description of the physical culture department in charge. Besides these there will be articles varying from 2,500 to 5,000 words by the heads of the several departments, Deans Birge, Bryant, Henry, Johnson and others.

The entire work is executed on the best of paper, quarto size, the type being clear and dressy, the body of the page occupying a space 6 by 9 inches. The work is intended to cover about one thousand pages. It will be bound in two types—cloth and Russian calf. All the matter is in type and ready for printing save the articles from the heads of the departments, the last chapter of the history of the university and the sketches of distinguished alumni. The collecting of material for this last will be the most difficult of any connected with the work, as the subjects are scattered over all parts of the globe and must be reached either personally or by mail.

After this will be placed the sketches of the faculty. An engraving of the subject of the sketch will occupy one full page, and on the opposite page will appear a brief and accurate sketch of his life. There will also be sketches of the lives of the distinguished alumni of the university which will be of great interest to the readers. All the biographical sketches will be prepared under the direct supervision of Mr. Thwaites and will be authoritative.

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